



Downstream Chili

2222 Chuglane Rd.

Downstream, TK 55555

About this Sample Entrepreneur Business Plan:

The following sample *NxLevel™* Entrepreneur Business Plan was originally written by a class participant, and subsequently modified to protect proprietary information. As it is primarily a student's work, it is not represented to be a "perfect" business plan, although the presentation is in keeping with the *NxLevel™* format and content. It can be used as a sample of what a business plan might contain, and as a model for constructing the various sections.

Your instructor may ask that you review certain sections and suggest improvements, modifications or additions. The purpose of each individual business plan may be different, with varied intended readers. You may also be asked to discuss what information might need to be included or deleted based on the purpose of the plan.

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Section I. Executive Summary

DOWNSTREAM—live or die? That was the question the community of Downstream faced in the mid-1980s. In the minds of the community, there was only one answer and that was **to live**. In order to grow, they had to come up with a plan. They asked the State of Tekanusa for help and they did provide help. Thanks to the Tekanusa Department of Agriculture, the community of Downstream made contact with Don Camry the creator of Downstream Chili, a Tekanusa Chili Cook-off champion. Five Downstream families bought his award winning chili recipe and developed it into a viable business—Downstream Chili Corporation.

Through our development and distribution of Downstream Chili, the company has become Downstream's Welcome Wagon to the west and is working on becoming Tekanusa's Welcome Wagon to the world! The business produces and promotes its "*gourmet* Spice of Western Life," Downstream Chili, as a versatile gourmet chili seasoning. It is seasoning that anyone in our fast-paced world can use to quickly and easily prepare a homemade bowl of chili and use to enhance the flavor of a wide variety of other foods making it a seasoning standard in homes everywhere.

Because the owners all either live in the Downstream area or have Downstream roots, they have a special interest in seeing Downstream Chili not only survive, but prosper well into the Twenty First century. They all care about the future of their hometown. This concern is a major driving force behind the company.

The owners are taking steps to insure Downstream Chili Corporation's success by attending classes such as the NxLevel Entrepreneurs' Class, and then implementing what was learned about business planning and implementation. The company has expanded its product line to include other spin-off products using the Downstream Chili seasoning as the base. Promotional items and cookware have also been added to the product line. The owners enjoy coming up with new holiday catalog gift ideas to entice our loyal customers during the holidays buying season.

Management has taken additional steps to find out who our customers are. One of the company goals is to increase sales by ten percent (10%) a year. We can do that by expanding our marketing area as it ripples out from Tekanusa. New target markets include grocery stores, gift stores, specialty stores, and gourmet shops and expanding the mail order business. The ripple effect should eventually take our retail and wholesale marketing area from coast-to-coast.

In order to accomplish the future goal of blending all of our own seasonings onsite, including chili, dip and dressing seasonings, onsite preparation of Downstream Chili nuts, and onsite preparation of red pepper jelly, the business will need a new building with an state-approved kitchen and packaging area. Projections show an eighty to eighty-five thousand dollar (\$80,000 - \$85,000) building will fit into the cash flow projections. The projections show that we could pay for this new building in six years.

Hard work, determination and dedication brought Downstream Chili Corporation into existence and have kept the business successful for more than ten years. Downstream Chili has made a name for itself as well as for the little community of Downstream, Tekanusa. This same hard work, determination and dedication will position Downstream Chili Corporation as a major Tekanusa business for years to come.

Section II. Mission, Goals and Objectives

General Description of the Business

Downstream Chili Corporation manufactures, distributes and sells a versatile gourmet chili seasoning and related products whose flavor base is the Downstream Chili seasoning. These related products include Downstream Chili Dip and Dressing Mix, Downstream Chili Nuts and Downstream Chili Red Pepper Jelly. The business also distributes and sells peripheral products that include chili bowls, coffee mugs, T-shirts, sweatshirts, aprons, cookbooks, etc.

The Downstream Chili seasoning is a blend of 12 ingredients. All Around Seasonings in Danworth, CO. blends these ingredients in two thousand (2,000) pound batches. The bulk chili is then shipped to our office for packaging. The supplies you need to make a mouth-watering bowl of Downstream Chili are ground beef, Downstream Chili seasoning, tomato sauce, water, pinto beans (optional ingredient) and about thirty minutes (30 min.) of preparation time. It's a product for busy people who like great chili with a homemade flavor and who don't mind paying a little extra for its gourmet quality.

The Downstream Dip and Dressing mix is blended in our office. The Downstream Chili nuts are produced at the Downstream Community Center. Except for the chili nuts and jelly, all of the product packaging is done in our office. The company outsources the production and packaging of the Downstream Chili Red Pepper Jelly. The finished products are then packaged at our office for mailing. Downstream Chili distributes products by mail to wholesalers, distributors, grocery stores and gift/specialty stores. There is also a small retail shop in our office where Downstream Chili products and peripheral items are sold. Samples of chili, dip and dressing and jelly taste samples are provided to all visiting customers.

Our largest current existing market area includes all of Tekanusa, Northern Colorado, Western Nebraska, and parts of Montana and Iowa. Downstream Chili is also distributed on a small scale nationally and internationally. Downstream's products are distributed to grocery stores, specialty stores, restaurants, caterers, etc. The mail order portion of Downstream's business is also growing, in part due to our Internet location at www.Downstreamchili.com.

Downstream Chili Corporation is a Sub-Chapter S corporation. It is owned and operated by 10 members who serve as the Board of Directors. The Board of Directors meets as often as twice a month. The board members assist in all areas of the business, which includes packaging, labeling, trade shows, demos, maintenance of property and equipment, and other necessary tasks. The business also has part-time local employees who assist in production and office and clerical tasks.

Downstream Chili Corporation was incorporated in June of 1986. With the exception of one year, the business has had a positive cash flow and profits since our inception. In all but two of those years, positive sales growth has been experienced. While the company has been small but stable to this point, the Board feels it is now ready to expand.

The first targeted growth area will be within our existing regional area. The second targeted growth area will be the extended Rocky Mountain region, with national and international expansion following. It is anticipated that Canada will be our first major international market. To grow in these areas, the company must expand its marketing efforts. In order to meet the needs of this anticipated growth, the business also needs to build a new building to meet expanded business and production needs.

Retail and mail order business will expand as walk-in customers and tourists respond to billboards on the North and South end of Downstream that invite people to "...roll on Downstream and taste our Downstream Chili." Walk-in customers are encouraged to sign the guest book and include their

address. Their names are then added to database to expand the mail order potential. An annual Christmas catalog goes out to our mail order customers—the 1997 holiday mailing was over six thousand (6,000) pieces!

In the future, Downstream Chili will expand its product line. Also, one company goal is to blend our proprietary seasoning in house. That goal will require the purchase of a blending machine. Once the blending machine is purchased, Downstream could then offer a blending service to other neighboring companies. Also, in the future, it the business would consider automating the labeling and packaging process (which is currently done by hand).

For additional information and articles about Downstream Chili Corporation, see **Appendix A**.

Mission Statement

Downstream Chili's Mission Statement is: To produce a versatile gourmet chili seasoning that anyone in our fast paced world can use to quickly and easily prepare a homemade bowl of chili and/or use to enhance the flavor of a wide variety of other foods making it a seasoning standard in homes everywhere. Downstream Chili want to become Downstream's Welcome Wagon to the West and Tekanusa's Welcome Wagon to the World by the development and distribution of Downstream Chili. The Company wants exemplify what Tekanusa is all about with our high standards of quality and friendly atmosphere.

Goals and Objectives

◆ **Goal #1: To increase sales volume.**

Objectives: (These are the responsibility of the Board of Directors.)

- Increase sales to existing regional customers (wholesalers, distributors, grocery stores, gift/specialty stores, mail order and retail) by ten percent (10%) per year.
- ✓ Open an account with Associated Foods of Billings, Montana.

Date	Activity	Person Responsible
Fall 1997	Calls to Associated Foods	Tori Blakely
Fall 1997	Letters to Associated Foods in Billings and Helena	Tori Blakely
Jan. 1998	Calls to Associated Foods in Billings	Tori Blakely
Jan. 1998	Permission is given by Associated Food to per-sell Downstream Chili to their member stores	Tori Blakely
Feb. 1998	Calls are made to Associated Foods member stores	Tori Blakely
Feb. 1998	Allowed in Associated Food of Billings, MT	
Sept. 1998	Repeat the above process	Tori Blakely

- ✓ Generate new customers in the Rocky Mountain region by twenty five percent (25%) within the next three (3) years.

- Expand the Colorado market.

Date	Activity	Person Responsible
Feb. 1998	Do demos in existing stores in Northern Colorado	Mari Franks
Oct. 1998	Do demos in existing and new stores	Mari Franks
Oct. 1998	Push our Colorado distributor, Western Foods, to open more stores	Tori Blakely
Nov. 1998	Holiday Food and Gift Show	All board members

- Generate new customers nationally and internationally by fifty percent (50%) within the next five (5) years.
 - ✓ Expand our mail order business by mailing 8,000 to 10,000 Holiday catalogs in October of 1998 – All board members.
 - ✓ Expand our sales to gourmet and specialty stores all over the country – All board members.
- Promote the versatility of our chili seasoning as a flavor enhancer for a wide variety of foods, so our customers won't view it as just for making chili. This will keep customers buying the chili seasoning all year round. Educating our customers is a key here.
 - ✓ Include simple recipes on all of our advertising and sales promotion materials.
 - ✓ Provide excellent customer service to our suppliers, wholesalers, distributors, grocery stores and specialty stores.

◆ **Goal #2: To increase profitability.**

Objectives: (These are the responsibility of the Board of Directors.)

- Increase advertising and marketing efforts to meet the sales volume increase goals.
- Follow up on newly opened markets to make sure our expansion efforts remain solid and those new sales continue to grow.
- Monitor production and office expenses to keep profitability at an optimum level.
- Expand our food product line and our peripheral product line.
- In the long term, we will need to automate our packaging and labeling process. This is currently done by hand.

◆ **Goal #3: To blend our chili seasoning, bake our chili nuts and prepare and package our own red pepper jelly in our own production facility.**

Objectives: (These are the responsibility of the Board of Directors.)

- Build a new production and business facility with a State of Tekanusa approved food production kitchen within one (1) to two (2) years. With an approved kitchen we can bake our own prepared dip and dressing, chili nuts and red pepper jelly. It would also provide improved office, production and warehouse facilities.

Date	Activity	Person Responsible
Spring 1998	Complete Building drawings	Del Franks
April 1998	Haul in fill dirt	Out-source
May 1998	Level fill dirt	Out-source
Summer 1998	Bid building project	All board members
Summer 1998	Seek outside financing for part of this project	All board members
Summer/Fall 1998	Build building	Out-source

- Purchase a large blending machine to blend our chili seasoning within 5 to 10 years. Once we have this machine, we could expand our business by offering to blend products for other Tekanusa businesses.

◆ **Goal #4: To help keep Downstream a viable community.**

Objectives: (These are the responsibility of the Board of Directors.)

- With increased sales and profitability, we would be able to provide employment to the people of Downstream.
- Promote Downstream and Downstream Chili by advertisement in tourism publications and via the billboard signs on North and South bound I-25.
- Spring 1998—Rent a billboard both Northbound and Southbound on I-25 in Shilo—out-source painting
- Offer tours of our new building to tourists.
- Increase our mail order business by ten percent (10%) per year.
- Our mail order catalogs and brochures expose people from all over the country to Downstream Chili Corporation and the community of Downstream, TK. We include a brief history of Downstream Chili Corporation; the legend of Downstream, TK and a map of Tekanusa with the location of Downstream clearly marked on all of our mail order catalogs and brochures. When people travel through Tekanusa they are more apt to stop in Downstream because of this exposure to our unique small business.
- Seek out tourism publications to advertise in—Tori Blakely
- Provide our very best customer service to our retail and mail order customers so they will come back time after time.

Section III. Background Information — The Industry

Background Industry Information

The use of chili peppers in American cooking has a long and proud heritage. The American Indians grew chili peppers along with maize (Indian corn), beans, peanuts, potatoes, squashes, pumpkins, etc. The Aztec Indians credited chili (capsicum) peppers with fine medicinal properties, and they were not far wrong. One large green chili contains as much Vitamin C as an orange and the red chilies are an excellent source of Vitamin A. (This nutritional information came from the Better Homes and Gardens Heritage Cookbook, Meredith Corporation, 1975, page 39). Chili peppers are part of the carotenoid family of vegetables, which includes broccoli, cauliflower, etc. The Spanish conquerors added their influence to the Aztec Indian's cooking to produce familiar foods such as tacos, guacamole, frijoles, enchiladas, tamales, etc. These are foods we associate with Mexican cooking.

Chili peppers are used fresh, pickled, dried and powdered. Some are very mild, and some are so hot, they will take your head off. Hot sauces made from chili peppers, such as Tobasco® by McIlhenny Co. have been around since 1868.

Oddly enough, the dish that Americans are most apt to identify as Mexican is chili con carne. It isn't Mexican at all. It was invented in West Texas, though it was patterned after the *guisadas* (chili-flavored stews) that were sold in the markets of northern Mexico. It is just one of many dishes developed in the United States, but inspired by the cooking of Mexico. Residents of the Southwest call it Tex-Mex cooking.

Many cooks on the Western cattle drives were Mexican. They cooked and seasoned their beef or pork stews as they always had—with chili, cumin, onions, garlic and tomatoes. Pinto or red beans were served with these stews as a side dish. Today, many die-hard chili lovers believe that good chili is never made with beans.

The cowboys who followed the Longhorns up the trails from Texas came from diverse ethnic backgrounds. Black, white, Mexican and American Indian cowboys often rode together eating the same food and sharing the same jobs and dangers. Even those who hadn't grown up eating spicy food developed a taste for chili. Almost every ranching family in Texas has its favorite chili recipe, many of which have been handed down for several generations.

Over the years chili con carne has evolved into many different versions and become an American passion. Chili cook-offs are held on a state, national and even international level, and competition is fierce. Aside from the use of chilies as a seasoning, some of the recipes have ranged pretty far from the original chuck-wagon fare with additions of exotic ingredients like crumbled gingersnaps and mango chutney. It was at a chili cook-off that Downstream Chili Corporation was born.

Downstream Chili is part of the American food manufacturing industry. More specifically, it is part of the chili industry. It is also considered part of the gourmet and convenience food industries.

Downstream Chili is also part of what is called the "fiery foods" industry. "Fiery Foods" is a fairly new food-manufacturing category that has come into existence during the last ten (10) years. The growth during the last ten (10) years in the fiery foods industry has been very strong and currently makes up ten percent (10%) of the American food industry. It produces \$3 billion/year in revenue. Most companies in the fiery food industry are small businesses like Downstream Chili Corporation. Their focus is on gourmet chili pepper based products. (Appendix B lists the food categories that comprise the fiery foods industry. It also contains a listing of Trade Associations, Trade Shows, and publications that pertain to this industry.)

There is lots of competition among traditional chili products (chili con carne or chili with beans) in the food manufacturing industry. Chili comes in a wide variety of products, such as ready-to-eat canned chili, frozen brick chili, dry chili mixes/seasonings and chili powders. The largest share of the chili industry is comprised of large companies such as Hormel and Dennison that have ready-to-eat canned chili. Downstream Chili competes most directly with other dry chili mixes/seasonings such as Two-Alarm Chili, which require additional ingredients and some preparation time to prepare. Schillings and other spice manufacturer produce chili powders. (Appendix C lists some of our direct chili competitors. It also contains information on three chili competitors that can from the Internet.)

Although gourmet usually denotes a more expensive product, when doing a comparison grocery store analysis of like products, Downstream Chili is very competitively priced per serving. A one (1) ounce packet of Downstream Chili that makes nine (9) one-cup servings is actually cheaper per serving than any other mix available except for the store brand. Tori Blakely did this comparison on March 30, 1998 at the Albertson's Store in Shilo, TK. (Note: this is a direct cost per serving comparison and does not include the price of hamburger, tomato sauce or any other ingredients required to make the chili.)

Grocery Store Cost Analysis of Competitors				
Brand Name	Number of Servings	Hamburger Needed	Cost	Cost/Serving
Albertson's Good Day	4 – 1 cup	1 lb.	2 for \$1.00	\$.13/serving
French's Chili O Mix	5 – 1 cup	1 lb.	\$1.29	\$.26/serving
Wick Fowler's II Alarm	6 – 1 cup	2 lb.	\$3.09	\$.52/serving
Schillings	4	1 lb.	\$1.35	\$.34/serving
Carol Shelby's	5	2 lb.	\$3.09	\$.62/serving
Downstream Chili (1 oz.)	9 – 1 cup	2 lb.	\$2.09	\$.23/serving
Downstream Chili (2.67 oz.)	27 – 1 cup	6 lb.	\$4.99	\$.18/serving

Further and more detailed studies such as the one above will help advertise our price advantage and would help increase sales.

According to a recent University of Tekanusa market survey, Downstream Chili's biggest competitor is Hormel Chili. Hormel had the best name recognition among chili manufactures according to this study. (Appendix D includes a copy of the University of Tekanusa study.)

Dry chili mixes/seasonings make up a very small part of the fiery foods industry and there is little direct competition. The largest competitors in the fiery food industry are among salsas and sauces. Downstream Chili is unique in this market place because the dry gourmet chili seasoning is the primary focus of our company. There are other small businesses that make a dry chili seasoning but it is not necessarily the primary focus of their business with the exception of few. (See Appendix C.)

Current and Future Trends

In the food industry, the most important current trend is towards foods that are quickly prepared—foods that can go from freezer to microwave oven to the table in just minutes. Convenience and timesaving helps are the key in this trend. Take home deli platters and prepared salads have strong sales. Shredded cheeses are popular because of their convenience. In *Food and Beverage Marketing*, May 1997, page 8 and 22, the following comments are made about this current trend:

"Incredibly, 60% of dinner decisions are made on the same day and over 40% of consumers have no idea what they will eat for dinner at 4:00 p.m. Time is of the essence. The move towards delivering 'meal solutions' on the part of grocery retailers represents a major opportunity for appropriate packaged goods, brands and categories. It is far more logical for supermarkets to leverage their traditional positioning as purveyors of the products required to prepare home-cooked meals as opposed to take-out fare. They should think about reformatting their stores along a meal-occasion orientation that helps the shopper plan their meals for the week.

Ready-to-make meal solutions marketing can be accomplished in a number of ways, beginning with cross merchandising of synergistic products (e.g. secondary displays of Shake 'N Bake and Minute Rice in the meat department) as well as associating branded items with private label offerings. The key for manufacturers is to understand how your brand fits into the retailer's meal solutions communication strategy and provide co-marketing solutions that put your brands in the mix. The magic bullet is to help retailers develop appropriate meal solutions strategies for their stores and then use your brands to drive the communication."

Health foods constitute another major food trend. Consumers are looking for foods that are low in fat and calories, contain no preservatives or additives and have great flavor. Nutritional labeling is important in today food market because of the health conscious consumers. In addition, the government now requires expanded nutritional labeling on food products.

Ethnic foods and cooking are increasingly popular. Since chilies are high in Vitamin A and C, are low in calories, do not contain fat and taste great, hot and spicy foods are increasingly popular. Salsas now out-sell catsup. As more people become acquainted with hot and spicy foods, they are going to seek a wider variety of them. In an article by Kellye Hunter, "Exporting, It's not as expensive - or as difficult - as you might think", *Fiery Foods Magazine*, December 1997/January 1998, page 16, he says, "...according to a Washington, DC national survey of 2,965 American adults, 'taste of the food is consistently more important to consumers when selecting what to eat than is cost, convenience, nutritional value or weight control.'" The current trend in the fiery foods industry is towards foods with great flavor and with heat being a secondary issue.

There is also a trend in the fiery food industry toward exporting. Only five percent (5%) of the world consumers are in the United States. People all over the world are looking to hot and spicy foods, particularly Tex-Mex food, including Columbia, the Middle East, the United Kingdom, Sweden and Australia.

Our overall economy in the United States is currently healthy and strong. The favorable economic conditions include: low inflation, low interest rates and a record low unemployment. The currency and economic crisis in Asia has not yet had much of an effect on our US economy. The following quotes on the economy are from an article written by Melissa T Stock and Kellye Hunter, "Special Report: Holiday Trends", *Fiery Foods Magazine*, Sept./Oct. 1997, page 1 and page 16:

"...the Standard & Poor 400 Industrials Profit Margins started out high in 1997, are currently just under 6 percent, and should remain high throughout the year."

"...the National Retail Federation has collected figures released by the Department of Commerce on April 11, 1997, which document a 0.5 percent increase in retail sales,..."

"Positive consumer fundamental including employment and income growth will provide the underpinnings for high levels of confidence and spending."

“...as of June, 1997, core inflation is a little over 2 percent, the lowest in 30 years, real wages are the highest they’ve been since 1993, and as a result, more people are earning enough to save.”

“Given these factors, the time could not be better for specialty hot shops, as consumers with extra money look for convenient gifts and props for entertaining that are interesting, useful and unique. Hot and spicy is increasingly desirable as more and more cooks realize how easily spicy sauces and salsas enhance the basic cuisine of a busy lifestyle, and make simple party foods look fancy. Associated items such as chili-themed books, clothing, dishes, candles, aprons, and oven mitts also make for creative, whimsical, ready-to-wrap gifts.”

For those of us in the fiery food industry, this is especially good news.

The small businesses in the fiery food industry market the majority of their products through specialty stores. They also market their products by mail order and through the Internet. Only a few compete against the large food manufacturers who market their products through grocery stores and large discount retailers like Wal-Mart and Sam’s Warehouse.

From an article by Morris H. Kushner, *NASFT Showcase*, March/April 1996, page 20, he says, “*A challenging expediency presents itself to astute specialty food purveyors as the deepening of the polarization of the food marketing spectrum continues. The spate of horizontal mergers at one end and the proliferation of the convenience stores leave a chasm that the upscale independent marketer can readily fill. Offering a choice between non-service, long lines at the check stands, discourteous clerks, the jungle of aisles in the cavernous mega marts and the paucity of product selection at convenience stores, the sharp specialty food operator can create a program that capitalizes on this happenstance.*” In other words, marketing via specialty stores is increasingly a good idea.

No one in the food industry today can ignore the impact of the Internet. While people can’t see or taste the product, they will be exposed to it. Personal contacts with customers will diminish, but convenience will multiply for consumers. “By the year 2003, 28% of the American population will electronically buy their groceries,” according to Jupiter Communications, a research firm. Websites provide more in-depth information about companies and are more cost effective than catalogs.

Business “Fit” in the Industry

Brief History of Downstream Chili Corporation’s Business Development

The Downstream Chili Corporation was born out of a struggling farm and ranch community’s desire to keep their small community viable. With the strength of their pioneering spirit, the people of the community formed a committee that worked with the Tekanusa Department of Agriculture and Commerce to explore ways to meet these goals.

As a result of their exploration, five families pooled their resources and purchased a winning Tekanusa State Championship Chili cook-off recipe from its originator, Don Camry. They combined the spices and other ingredients from the recipe with very high quality chilies to make a dry gourmet chili seasoning. The resulting blend of twelve seasoning was all-natural and contained no preservatives or additives. Business advisors at the University of Tekanusa guided the families through their original feasibility and marketing study. In the spirit of true pioneers, Downstream Chili Corporation was founded in June of 1986.

At first, the business operated out of the homes of its founders. They used fairs, booths, and personal contact to sell and market the chili seasoning locally while using specialty stores, grocery stores, and restaurants to market the chili in outlying areas. To help publicize their new product, they launched the first annual Downstream Chili Cookoff in June of 1986. The business now operates out of its office at

210 1st Street in Downstream, Tekanusa. Current marketing is done by trade shows, in-store demos, distributors and personal sales efforts to gift/specialty stores, grocery stores, and restaurants. They have a small retail store at their office and a growing mail order business. They also have an Internet Web site, which is www.Downstreamchili.com.

How Does Downstream Chili Corporation Fit into the Food Industry?

Downstream Chili Corporation is unique in the large established chili market because it targets the convenience food trend, the ethnic food trend, and the growing fiery foods market. Few of the other dry chili mixes target the fiery foods specialty market.

In addition, Downstream Chili is a fine *gourmet* product—"The *gourmet* Spice of Western Life." The chili that is made from our seasoning has a mild, full-bodied, homemade taste. According to the recent University of Tekanusa market survey, Downstream Chili's best assets are its great homemade flavor and ease of preparation. (A copy of this study is in Appendix D.) It has all the healthy nutritional value you would expect from a chili pepper based product, plus it is low in fat and calories. It is quick and easy to make and can be ready in as little as 30 minutes. To make chili from the seasoning a person needs to add Downstream Chili to browned ground beef, tomato sauce, water and pinto beans. It is so convenient. It is a versatile product that can be used to make other hot and spicy foods.

This gourmet seasoning easily targets the demographics of the fiery food industry. In April of 1993, Downstream Chili won second place at the *Fiery Foods Challenge* in Albuquerque, NM for best overall product. A copy of this award is in Appendix A.

Downstream Chili also carries gift items such as coffee mugs, chili bowls, cookbooks, aprons, etc., that appeal to fiery food consumers. For these reasons, Downstream Chili can do well based on the marketing and economic trends that were mentioned in the previous section.

Downstream Chili's unique logo with a buffalo standing on a bluff with a yellow sun rising in the valley on a bright orange background is our trademark. The trademark also reflects the history of the small community of Downstream. The legend of Downstream is printed on the back of business cards and in Downstream Chili's cookbooks. The logo, along with the unique apothecary jar packaging, denotes a gourmet product to our customers. Our slogan, "The *gourmet* Spice of Western Life" also enhances the gourmet image of our product.

In addition the Downstream Chili seasoning, the company produces a gourmet dip and dressing seasoning, chili nuts and a red pepper jelly whose flavor base is Downstream Chili. Members of the corporation created the gourmet dip and dressing mix, the red pepper jelly and the chili nuts. These products along with aprons, coffee mugs, chili bowls, and other accessories, fit well within the expectations of the "fiery foods" industry consumers.

Part of Downstream Chili Corporation's mission statement reads, "To become Downstream's Welcome Wagon to the West and Tekanusa's Welcome Wagon to the World by our development and distribution of Downstream Chili. To exemplify what Tekanusa is all about with our high standards of quality and friendly atmosphere." The Downstream Chili Corporation billboard on the North and South side of the community of Downstream beckons tourist to stop and taste Downstream Chili. The uniqueness of the business draws people into this small western town when they might otherwise travel past Downstream. The viability of the business provides part-time employment opportunities to the people of the community. The State of Tekanusa has been very supportive of our efforts in this business. The uniqueness of the business and the community exemplify friendly Western hospitality to the world. Our presence is an economic enhancement for the State of Tekanusa.

Section IV. Organizational Matters

A. Business Structure, Management & Personnel

Business Structure

Downstream Chili Corporation is a Subchapter S Corporation. The company attorney recommended that a Subchapter S Corporation be formed as most start-up small businesses lose money the first several years of business. Since losses could be incurred for several years, it would be advantageous to the owners to take such losses against their personal taxable income. By incorporating, the owners' personal liability was also limited.

There are twenty (20) shares of stock. The owners are Dennis and Tori Blakely (own 4 shares), J.E. and Maryellen Brink (own 4 shares), Delbert (Del) and Mari Franks (own 2 shares), Larry and Tia Vale (own 4 shares), and Ken and Jane Wilks (own 4 shares). The remaining two shares are owned by the Corporation. Mari Franks and her late husband purchased two shares of stock and Downstream Chili Corporation purchased two shares of stock from original owners, Mike and Jeri Kautz in 1988. (Copies of the legal documents involved in this transaction are in Appendix E.) These ten people serve as the Board of Directors and officers for the Downstream Chili Corporation. As soon as fair market value of the stock is determined, Del and Mari Franks are considering purchasing the two outstanding shares of stock. At that point in time, all ten members would own an equal share of the business.

Appendix F contains a copy of the Certificate of Incorporation of Downstream Chili Corporation and Articles of Incorporation of Downstream Chili Corporation. Appendix G contains a copy of the organizational meeting of the Downstream Chili Corporation.

Management

Board members are our management team who not only participate in the policy making of the business but provide invaluable participation in the operations of the business. The original group of five families was all of farming and ranching backgrounds. In 1988, the Kautz's elected to sell their shares as they felt they were unable to continue to dedicate the time it was taking to be involved in the corporation.

Mari Franks and her late husband Greg, who was serving on the corporation's Advisory Board offered to purchase two of the Kautz's shares and did so. They continued to offer their expertise. Mari has a BS degree in Vocational Home Economics and Greg had a MS degree in Electrical Engineering and a Masters of Business Administration (MBA). Later following Greg's untimely death to cancer, Mari married Del Franks who became the newest member of the team. He has a BA degree in Industrial Education and is a general contractor.

Officers are elected from the Board of Directors at the annual meeting of the Corporation in January of each year. The officers include President, 1st Vice President, 2nd Vice President, Secretary and Treasurer. Currently, we have an assistant treasurer. The office holders usually change annually. Appendix H contains a copy of the Bylaws of Downstream Chili Corporation. The duties of each office are detailed in the bylaws of the Corporation. The 1998 officers of the corporations are:

President	Ken Wilks
Vice President	Maryellen Brink
Second Vice President	Mari Franks
Secretary	Tori Blakely

Treasurer
Assistant Treasurer

Dennis Blakelyr
Larry Vale

The Board of Directors manages the corporation as a team. Business decisions are made by a majority vote during bimonthly meetings. The board makes decisions about planning, pricing, production, organization, personnel policies, promotion, financial management, employee management, credit and collection, cost control, etc. The board members are involved in sales, packaging, labeling, trade-shows, demos, maintenance of property and equipment, and other necessary tasks. Most new ideas and new products come from the board members.

The Downstream Chili Corporation board members are conservative and frugal. Downstream Chili Corporation is currently debt free. That is very unique financial position for a small business. They embody the Western spirit of friendliness, honesty and integrity. This team of ten people has successfully managed this small successful business for twelve (12) years and contributed many volunteer hours towards its success. Brief resumes as well as more detailed resumes of each of the Board members are found in Appendix I.

Personnel

Maryellen Brink has been the office and general manager. She is responsible for the daily running of the business, accounts payable and receivable, government forms, etc. Tori Blakely is responsible for marketing and advertising. She works part-time. There is one part-time person who assists Maryellen with the daily operation of the business. There are several part-time employees who help with packaging. The following provides an overview of our personnel:

Office Team:	Maryellen Brink, General/Office Manager Tori Blakely, Advertising and Marketing Heidi Rieber, Office Assistant (part-time) Jane Wilks Office Relief Team Vi Vale, Office Relief Team
Production/Packaging:	All board members Ten local employees (on call)
Property Maintenance:	All board members Larry Vale, chief handyman
Grounds Maintenance:	All board members Dennis Blakely Ken Wilks High School Youth—summer yard work
Freight:	Jim Blakely Ken Wilks
Computer Consultants	Dennis Blakely Mari Franks Sam Rieber
Construction Consultant:	Del Franks

New Products: Vi Vale
Mari Franks

Promotions and Sales: All Board Members

Downstream Chili Corporation also hires part-time help for demos. Salaries range from minimum wage to \$7.00+/hour. Our employment of part-time workers employees from the community of Downstream provides, in part, our desire to make an economic difference for our community. (Complete financial details of employee salaries are Appendix R.)

Many of the business efforts of the corporation are still done by the Board of Directors without remuneration. Currently optional benefits are not offered to the employees. Training is provided as needed to employees by members of the Board of Directors.

Outside Services/Advisors

Downstream Chili Corporation uses the following principle outside business advisors:

Attorney: Jim Maltz
Horst and Appleton
200 Byrd Bldg.
Shilo, TK 88888
Accountant: Caren West, CPA
606 10th St.
PO Box 322
Wheatland, TK 88882
CNA Insurance: Warren Derek
Downstream, TK 88801

Attorney, Tim Print, of Darby, Cushman, Darby, Washington DC assisted in getting the trademark, national registrations, etc.

The University of Tekanusa has provided student groups to help do surveys, market analysis, break-even analysis, pricing analysis, etc. for us from our inception. The University appreciates “real businesses” working with their upper level students on these various projects. And, the resulting information is very valuable to Downstream Chili Corporation. The University of Tekanusa also offers very low-cost help with nutritional labeling and taste testing. During the fall of 1997, the business worked with Dr. Aaron Banter, Management and Marketing Department. The results of that study are found in Appendix D.

Lindy Malter, Department of Agriculture, Cooperative Extension Service, at the University of Tekanusa has recently conducted a “blind” taste test on two blends of Downstream Chili using two different sources of high quality red chilies. We are trying to find a secondary vendor to provide the two chilies used in the chili seasoning. (The results of this study are not yet available for the business plan.) Bueno Foods of Abuelo, Tx is our current supplier of the two chilies.

Over the years, Downstream Chili Corporation has taken advantage of Tekanusa Small Business Development Center’s resources, including tapes on marketing, advertising, business start-ups, etc. Currently, Gayla Graden, Director of the Small Business Institute program, is working with her students to do a break-even analysis as well as a pricing analysis for Downstream Chili Corporation.

Downstream Chili Corporation has also received a lot of business assistance from various departments of the State of Tekanusa.

Downstream Chili Corporation utilizes All-Time Seasonings in Danworth to blend the chili seasoning. The chili is blended in two-thousand (2,000) pound batches. The dip and dressing mix is blended in the “clean” area of our office. The chili nuts and the prepared dip and dressing mix are prepared at the Downstream Community Center. The red pepper jelly is made and packaged by Mountain Merry Jellies of Sausatch, CO. Accessories are all made and purchased from other small businesses for resale.

The other outside services used include commercial printers for labels and brochures, a photographer, a web page designer, a computer consultant and a banker. Current distributors are West International, Danworth, CO, Gourmet Foods Sources, Danly, TX and Associated Spices, Blane, MT.

At its inception, Downstream Chili Corporation did have a board of Advisors, but none exists currently. The board is aware of the value of a Board of Advisors and plans to recreate this board. The advisors could help evaluate many of the business operations, expansion plans and marketing plans. They would be able to assist with new product development as well.

Risk Management

Downstream Chili Corporation was a Chapter S corporation in 1986. Chapter S corporations have full corporate attributes like limited liability and continuity of life.

The Corporation has a \$1,000,000 product liability policy in place. Most large grocery chains require proof of this insurance before they will do business with the company. A general insurance policy is in place as well. A copy of both of these is in Appendix J. Workers Compensation and safety regulations for all employees is also part of the risk management package.

The company has a Tekanusa retail sales license and a Colorado multiple events license. The FDA regulations for nutritional labeling are followed, as well as federal government regulations for filling SUTA, FUTA, FICA and FIT.

No pension plan, group health insurance, life insurance, key-person insurance, or disability insurance plans currently exist.

The company name, Downstream Chili, and our recipe are protected by a national registration granted on July 31, 1987 at the US Department of Patent and Trademark office in Washington, DC. The logo (the words “Tekanusa Championship” and artwork with a buffalo standing on a bluff with the rising sun) and motto, “The *gourmet* Spice of Western Life” are registered with the State of Tekanusa and the US Department of Patent and Trademark. Copies of this trademark information are found in Appendix K. Registration is underway for the other products including the dip and dressing mix, red pepper jelly, and chili nuts and related items including cookbooks, chili and coffee mugs, aprons and T-shirts.

Dan Camry of Shilo, Tekanusa created the original recipe for Downstream Chili. He won two consecutive Tekanusa Championship Chili Cook-offs with his recipe. He called his award winning chili, Downstream Chili. Downstream Chili corporation purchased the rights to his recipe in 1989 for the sum of \$9,500. Dan Camry receives a one-percent (1%) royalty on everything that bears the name Downstream Chili. Anyone who must know the exact recipe for Downstream Chili must sign a non-disclosure agreement. Anyone who makes prepared Downstream Chili for resale such as a restaurant must sign an agreement concerning the use of the Downstream Chili recipe. Copies of the recipe purchase, non-disclosure agreement and the Agreement Concerning Use of Downstream Chili are in Appendix L. Appendix L also includes examples of a television commercial release agreement, a sales representative contract, a contractual agreement between Downstream Chili Corporation and the Downstream Chili Cookoff and a job application form. All contractual agreements are designed to mitigate risk to Downstream Chili Corporation.

Section IV. Organizational Matters

B. Operating Controls

Record-Keeping Functions

Downstream Chili Corporation uses a computerized accounting system called *Simply Accounting*. It is the method we use to track all of our financial data. This system is updated on a daily basis, and is used to write our checks as well. When the bank statements arrive they are checked against the accounting system to ensure that the two balances match. Adjustments are made to the general journal for bank charges, credit card fees, etc., that are not entered until the bank statement arrives. Maryellen Brink has been in charge of the accounting system and filling out all government payroll forms. Other board members will also be trained to assist with these functions.

Other Operations Controls

Since the board members operate Downstream Chili on a day-to-day level, the business has board meetings, rather than staff meetings, once or twice a month depending on the needs. All suggestions to better run the business are brought up at board meeting. Project assignments are made to individual board members or to the office staff at the board meetings. The issues of personnel, purchasing, inventory control, customer service, customer credit, pricing, quality control and employee training are either handled by the board as a whole or assigned to individual board members as needed. If the company didn't have a great team of people this system would not work. The fact that these controls have been in place for over 10 years, is a testimony to our team efforts. The office staff has permission to approve donations up to \$50.00 but anything larger must have board approval.

All board members have keys to the office. Each member has a company credit card. This has helped eliminate the hassle of having to be reimbursed for expenses incurred for the business. Each board member also has a Sam's Warehouse membership card that the company provides. A safety deposit box holds all of our important papers and CDs.

Section V. The Marketing Plan

A. The Products/Services

Products/Services Description

Downstream Chili

Downstream Chili is a gourmet chili seasoning. It is a blend of twelve (12) seasonings which includes two high quality red chili peppers, salt, masa harina (corn flower), onion powder, garlic powder, sugar, and six other spices.

To make two (2) quarts or nine (9) one-cup servings of chili, brown two (2) pounds of lean ground beef; drain excess fat. Stir in three (3) tablespoons of Downstream Chili seasoning (more for a hotter chili), one fifteen (15) ounce can of tomato sauce, and fifteen (15) ounces of water. Bring to a boil. Add two fifteen (15) ounce cans plain pinto beans if desired. Reduce heat, cover and simmer 30 minutes, stirring occasionally.

The chili seasoning comes in several sizes.

- ◆ The one (1) ounce packet makes two quarts of chili. It retails for approximately \$2.25.
- ◆ The 2.67-ounce apothecary jar, makes three (3), two (2) quart recipes of chili or a total of twenty-seven (27) one-cup servings. It retails for approximately \$5.50. This size is our best seller!
- ◆ The 6.5-ounce apothecary jar makes seven (7), two (2) quart recipes of chili. It retails for approximately \$11.50.
- ◆ The one-pound canister of chili makes eighteen (18), two (2) quart recipes of chili. It retails for approximately \$22.00. This is the favorite size of our loyal and consistent customers.
- ◆ Larger bulk quantities are available in three (3) pound, twenty (20) pound and fifty (50) pound sizes.

Downstream Chili Dip and Dressing Mix

The Downstream Chili Dip and Dressing Mix is made with a base of Downstream Chili plus additional ingredients including minced onions. Vi Vale created the dip and dressing mix in her ranch kitchen and presented it for marketing consideration. It has been a winner.

To make the dip, add two (2) scant tablespoons of Downstream Chili Dip and Dressing Mix to one (1) cup of sour cream and one (1) cup of mayonnaise. (You may substitute light or no fat sour cream or yogurt and mayonnaise). Mix ingredients together in a small bowl. Serve with chips, raw vegetables, and crackers or use it as a topping for baked potatoes. It yields two (2) cups of dip.

To make the dressing, add two (2) tablespoons of Downstream Chili Dip and Dressing Mix to one (1) cup of buttermilk and one cup of mayonnaise. Blend together in a blender for 30 seconds until smooth. Refrigerate. Serve over tossed salad, baked fish or chicken, baked potatoes, etc.

Downstream Chili Dip and Dressing Mix also is a versatile seasoning. Recipes for using it in other foods are found in the Downstream Chili Cookbook. Examples of our recipe cards are found in Appendix M.

The dip and dressing mix comes in three sizes.

- ◆ The seven (7) ounce packet makes two cups of dip or dressing. It retails for approximately \$2.00.
- ◆ The 2.5-ounce apothecary jar makes six (6) cups of dip or dressing. It retails for approximately \$4.95.
- ◆ The one pound container retails for \$19.95.

Feedback from store managers indicates a strong customer interest in a prepared Downstream Chili Dip and Dressing Mix. The business is now making a prepared dip and dressing mix in an eight (8) ounce carton. The prepared dip and dressing mix and the Downstream Community Center are prepared where there is a State of Tekanusa approved kitchen. The Community Center charges us \$5.00/hour for the use of their facility. This is the *test* market stage of this new product on a small scale in Shilo and Laramie, TK. If the test market goes well, the product will be added to our product line for expanded local distribution.

Downstream Chili Nuts

The Downstream Chili Nuts are made with Spanish peanuts baked in salt, canola oil and Downstream Chili. They come in a 6.15-ounce apothecary jar and retail for approximately \$4.95. They are a wonderful quick spicy energy snack. The chili nuts are made at the Downstream Community Center. Mari Franks created this product.

Downstream Chili Red Pepper Jelly

The Downstream Chili Red Pepper Jelly is made with sugar, water, red bell peppers, vinegar, pectin, lemon juice, and Downstream Chili. This sweet and mildly spicy jelly is great with bagels and cream cheese or as a marinade for ham, fish or chicken or poured over a small brick of cream cheese and served with crackers. The red pepper jelly was the second product inspired by Vi Vale.

The jelly comes in 2 sizes.

- ◆ The two (2) ounce sampler glass jar. It retails for approximately \$2.95.
- ◆ The 7.4-ounce glass jar. It retails for approximately \$5.95.

Accessories

Accessories include pottery coffee mugs, pottery and ceramic chili mugs, a ceramic serving bowl, tree ornaments, magnets, chili shakers, T-shirts, aprons, caps, potholders, cookbook, gift boxes and baskets.

A current brochure, a wholesale price list, a business card, a post card and other marketing tools can be found in Appendix M.

Features/Benefits

Downstream Chili

Downstream Chili's primary benefits are its great homemade flavor and its quick and easy preparation. It has a flavor so good that children love it. And, when children like a product, the parents will purchase the product! People in our busy society are always looking for things that are quick and easy to prepare. You can't beat Downstream Chili's easy and quick preparation time. The only thing easier and faster is opening a can of chili, but do canned chilies taste homemade?

Downstream Chili is so *versatile*. For instance, instead of using ground beef, you may use ground or chunked turkey, chicken or game meats (elk, buffalo, venison, etc.). You can make a great vegetarian

chili by adding Downstream Chili to your favorite combination of beans and vegetables. It can be used in any recipe that calls for chili powder. The Downstream Chili cookbook features many of the other wonderful foods that can be created with Downstream Chili and Downstream Chili Dip and Dressing Mix, such as tacos, enchiladas, omelets, chili dogs, other main dishes/casseroles, appetizers, salads, snacks, etc. Downstream Chili makes the best fried-green tomatoes you've ever eaten!

Another benefit of Downstream Chili is it contains no fillers, MSG, extenders or preservatives. Downstream Chili seasoning affords our customers with a uniform "no-guess work" flavor for their chili.

Downstream Chili Dip and Dressing Mix

The versatility of this dip and dressing mix is very similar to Downstream Chili. It, too, is quick and easy to prepare. It's a convenient product for a quick snack. Downstream Chili Dip and Dressing Mix prepared with low fat or no fat ingredients makes a very healthy snack when served with raw vegetables.

Downstream Chili Dip and Dressing Mix is blended in-house.

Downstream Chili Nuts and Downstream Chili Red Pepper Jelly

These two great food products make wonderful quick snacks. And the red pepper jelly is an excellent gourmet marinade or you can eat it with cream cheese and crackers. It, again, is a versatile product with many uses. Use your own unique creativity to expand its possibilities.

There has been an increased interest in the red pepper jelly and chili nuts as reflected in sales. These items are primarily sold through the holiday catalog and mail order brochure, basket businesses and gift/specialty stores.

Accessories

Downstream accessories, combined with our food products make wonderful, unique, attractive and inexpensive gifts. Downstream Chili Corporation purchases accessories and gift items from other vendors for resale.

At the retail shop at the Downstream Chili Corporation headquarters, other Tekanusa products are promoted and sold. The products include pretzels, chips, cookbooks, dry bean soup mixes, baskets, sarsaparillas, candy and tour guide. This is one of the ways that Downstream Chili has of making Tekanusa the Welcome Wagon to the world.

Life Cycles/Seasonality

Because Downstream Chili is used primarily to make chili, it is a seasonal product. Folks usually eat chili during the fall and winter months. It is a favorite food of Super Bowl fans. Best sales are during the holiday gift-giving season. The bulk of our advertising has been done at this time of the year. Sales drop off during the spring months. With the summer tourist season, sales begin to pick up again.

One of the challenges Downstream Chili Corporation faces, as a business, is to educate customers on the great versatility of this product. Once they know how versatile it is, they will be using Downstream Chili as a flavor enhancer for everything from "soup to nuts." Adding a teaspoon of Downstream Chili to a can of ordinary pork and beans turns them into gourmet baked beans! By educating our customers, the potential exists for creating a product that people will use frequently and all year round. In addition,

Downstream Chili can target new product development to focus on the spring and summer months selling season.

Downstream Chili and Downstream Chili Dip and Dressing Mix have a long shelf life of up to two years. Light will fade its color over time, so it is recommended that it be stored in a clean, dry, dark place. The Downstream Chili Nuts and the Downstream Chili Red Pepper Jelly have a shorter shelf life. The jelly should be refrigerated after opening. The dip and dressing mix, nuts, jelly and accessories are not seasonal products. The prepared Downstream Chili Dip and Dressing has a short shelf life of about 3 months and must be refrigerated.

Product liability with a seasoning such as Downstream Chili is relatively low. Federal law requires that the seasonings have nutritional labeling. All Downstream Chili food products carry the nutritional labeling as required by law.

Products/Services Growth Description

As time goes by, Downstream Chili Corporation would like to add other food products and accessories to its product line. To meet the cry for convenience and timesaving measures in the grocery store market as well as in the retail gift market we need to provide meal-kits for the end user. In the grocery line, envision Downstream Chili “Make-a-Meal” kits or “Meal Solution” kits for tacos, chili, noodles, etc. Some other ideas for new food products include a barbecue sauce, a taco seasoning, a no salt chili seasoning, a ready prepared canned chili, and a chili flavored tortilla. Or, what about “Downstream”water, “Downstream”chips or a cowboy sandwich mix (similar to a sloppy joe).

For gift giving, envision Downstream Chili’s “Dads Day to Cook” and “Camping Connection” for starters. These gift ideas would continue to peak during the holidays, but would have appeal for summer campers, Father’s Day gifts and birthdays.

When Downstream Chili Corporation grows larger, one goal is to do our own product blending. This would mean purchasing a large commercial blender. Since there is no one in Tekanusa who has the capability of blending seasonings, etc., Downstream Chili Corporation could provide this service to other Tekanusa companies for a fee similar to what All Grind Seasonings in Danworth is currently doing.

Currently, all Downstream jars are hand-labeled, and all packets and jars are sealed by hand. Once packets are filled they are placed in attractive twenty-four count display boxes. Apothecary jars are boxed in cases of twelve (12). All the preparation that is done for shipping our products is done by hand. If sales growth continues, some of these functions would need to be automated.

Section V. The Marketing Plan

B. The Market Analysis

Customer Analysis

From a fiery food's demographic standpoint, Kellye Hunter, "Exporting, It's not as expensive - or as difficult - as you might think", *Fiery Foods Magazine*, December 1997/January 1998, page 16, comments, "*For the last few years, it has been generally accepted that the profile of an average fiery foods consumer consists of a 40-something male, with a combined family income of \$50,000 or more. However, as hot foods become less trendy and more main-stream, some retailers and manufacturers are working to promote 'softer' items to the many women who previously weren't interest in what they perceived to be macho, ultra hot products.*"

From our own observations from the past twelve (12) years of marketing, the Downstream Chili Corporation customer profiles looks like the following:

- ◆ **Gender:** both male and female.
- ◆ **Age:** Children to elderly.
- ◆ **Income:** \$40,000+.
- ◆ **Occupation:** blue collar and professionals.
- ◆ **Location:** All over the country.
- ◆ **Family:** everyone.
- ◆ **Children:** children usually like Downstream Chili from three years old and up.
- ◆ **Education:** College educated.
- ◆ **Ethnic Origin:** this used to be a factor in fiery food sales, but it no longer is. Hispanic, White and Black populations alike enjoy chili.
- ◆ People buy chili in grocery stores, specialty stores, at trade shows, by mail order and on the Internet.
- ◆ People shop for chili usually during normal shopping hours - 9:00 a.m. to 9:00 p.m.
- ◆ People buy chili because they enjoy it. They buy Downstream Chili because of its homemade flavor, easy quick preparation time and its unique origin.
- ◆ People purchase chili in person, over the Internet and by mail order.

Downstream Chili Dip and Dressing Mix, Chili Nuts and Red Pepper Jelly do have slightly different demographics. The age group would include mostly adults and not as many children. Men are more apt to buy the chili nuts.

In March and April of 1998, Downstream Chili Corporation did a customer profile study. The results of this study are in Appendix N. Owners' observations from twelve (12) years in the chili business and the results of the customer survey we did in March and April, 1998 very closely match the industry findings as described in the first part of this section by Kelly Hunter.

Competitive Analysis

There are three major competitors for Downstream Chili to consider: canned chili, chili mixes and chili seasoning. Downstream is a small business that competes against the big chili producers like Hormel Chili. Based on the University of Tekanusa study, found in Appendix D, our strongest competitor is Hormel chili. This study is a great competitive analysis of Downstream Chili versus its much larger competitors, Hormel, Shilling, and French's.

The conclusion from this study says, "*Our conclusions strongly suggest that price is not a deciding factor when purchasing chili. We found that the perception associated with Downstream Chili, by and large, was homemade taste. This coupled with the fact that flavor is the most important attribute to respondents is of key importance in our research. A large number of people choose to use their own*

chili recipe because of the flavor and homemade taste. If these people were aware of the flavor and homemade taste of Downstream Chili, they may be more inclined to purchase a chili mix. We also found that although Downstream Chili has a large degree of brand awareness, it is not the brand that comes to people's mind first. Hormel is without a doubt the brand that people think of first. This leads us to believe that the competition in grocery stores is hurting Downstream Chili."

This study also concludes that Downstream would benefit from doing a larger area competitive analysis.

Although gourmet usually denotes a more expensive product, when doing a comparison grocery store analysis of like products, Downstream Chili is very competitively priced per serving. A one (1) ounce packet of Downstream Chili which makes nine (9) one-cup servings is actually cheaper per serving than any other mix available except for the store brand. Tori Blakely did this comparison on March 30, 1998 at the Albertsons store in Shilo, TK. (Note: this is a direct cost per serving comparison and does not include the price of hamburger, tomato sauce or any other ingredients required to make the chili.)

Grocery Store Cost Analysis of Competitors				
Brand Name	Number of Servings	Hamburger Needed	Cost	Cost/Serving
Albertsons' Good Day	4 – 1 cup	1 lb.	2 for \$1.00	\$.13/serving
French's Chili O Mix	5 – 1 cup	1 lb.	\$1.29	\$.26/serving
Wick Fowler's II Alarm	6 – 1 cup	2 lb.	\$3.09	\$.52/serving
Schillings	4	1 lb.	\$1.35	\$.34/serving
Carol Shelby's	5	2 lb.	\$3.09	\$.62/serving
Downstream Chili (1 oz.)	9 – 1 cup	2 lb.	\$2.09	\$.23/serving
Downstream Chili (2.67 oz.)	27 – 1 cup	6 lb.	\$4.99	\$.18/serving

Further and more detailed studies such as the one above will help advertise price advantage which would, in turn, help increase sales.

The great homemade taste of Downstream Chili and it's competitive pricing should make Downstream Chili competitive in the market place. The challenge as a corporation is to find a way to capitalize on this strength with our customers. Customer education efforts along with other marketing and advertising will be a success key. Education efforts need to include cost comparisons and taste samples. A variety of recipes will show Downstream Chili's versatility. Perhaps a short, easy recipe should be added to a majority of advertisements. The Downstream Chili cookbook needs to be updated and promoted, including adding to recipe cards already available. (See Appendix M)

Also if competing with large chili competitors in the grocery stores is hurting business, then perhaps efforts should go to increasing marketing and sales efforts in gift/specialty stores, basket business, gourmet food stores and mail order customers.

Market Potential

Current Trade Area

The largest current existing market area includes all of Tekanusa, Northern Colorado, Western Nebraska, and parts of Montana and Iowa. Downstream Chili is also distributed on a small scale nationally and internationally. The products are distributed to grocery stores, gift/specialty stores,

basket businesses, restaurants, caterers, etc. The mail order business is growing, and more effort is being put into the Internet location at www.Downstreamchili.com.

The current trade area has been developed to this point largely by direct sales to individual stores, personal contacts and follow-up phone calls. As the business has grown, the use of independent distributors has increased to help us reach even more customers in the current trade area. Distributors, Western Crown International, Danworth, CO, Gourmet Award Foods, Dallas, TX and Associated Foods, Billings, MT distribute Downstream Chili for us and keep our stores supplied with product.

Market Size and Trends

The current market area is fairly small not geographically but by customer base. This market area appears stable. The Northern Colorado area is the fastest growing area in the current market area. A spreadsheet of sales for the years 1995, 1996, 1997 and part of 1998 are in Appendix O. Sales reflected on those spreadsheets verify the stability of the market area.

Market Potential

There is a lot of room for growth in our current market areas. Marketing, advertising and customer education will help increase sales volume. That can be seen from the sales information in Appendix O. Advertising does increase sales for this particular type of product.

The overall marketing area also needs to be expanded. One large local area that could be focused on is the Danworth Metro area and the Colorado Front Range. There is a larger and growing customer base in these areas.

In *Hot Times*, August 1997, page 24 the following comment was made, *"Get distributed. Too many people want to bring their hot product to too narrow a niche. The challenge is to develop a product, which will stand out in a highly saturated market place. Broaden your markets. Be original. Be creative. People in the hot sauce market are marketing to too narrow a demographic. This market for the next 10 years will be on fire—so the key is to find your market and run with it."* This is a message the company plans to take to heart. Downstream definitely needs to work on expanding its market area. Target markets will be gift/specialty stores, gourmet stores, basket businesses, mail order catalogs (both holiday and year round catalogs), tourists and large and small grocery stores.

There is no question that the website presence is vital to growth. Owners need to brainstorm some ideas or seek professional assistance regarding how to get greater browser exposure. Also, researching piggybacking efforts with other websites should be considered.

Section V. The Marketing Plan

C. Marketing Strategies

Location/Distribution

Downstream Chili Corporation is located at 210 First Street, Downstream, Tekanusa 88822. First Street is part of the “old” highway, which went through Downstream before Interstate 45 looped around Downstream. First Street is part of the access road north of Downstream, which makes it easy for tourist to find the business.

Downstream has a bank, a school, a restaurant, a highway rest stop, a small motel and a gas station. The other businesses on First Street there are the Downstream Soda Fountain, Tri County Elevator, Browns Insurance Agency and the Downstream Museum (open by appointment). There are several empty or closed businesses on First Street. These empty buildings do not add to the appearance of downtown Downstream. However, the old fashioned light posts, planter boxes, the arrowhead community signs, and the Downstream Community Center, which can be seen from First Street, have an attractive old west aura.

Since the company name comes from its namesake, Downstream, TK, it is natural for us to be located here. It is part of our mission to help this small community grow and to keep Downstream on the map. Downstream Chili Corporation has helped to do that.

Other than the restaurants, the highway rest stop, gas station and Downstream Chili, there is very little reason for people to stop in this small community. Since the major focus of our business is manufacturing and not retail sales, this doesn't pose a large problem for the business. However, the owners' goal is to do all they can to draw tourists to Downstream and Downstream Chili. Billboards on the north and south side of Downstream along I-25 do entice people to stop by the Downstream Chili office to get a free taste sample of Downstream Chili. Appendix S has photographs of the billboards and interior and exterior photos of the office.

The Downstream Chili office is in a trailer on First Street. It is painted yellow and white with a large Downstream Chili banner displayed on the side. There is also a small dark red log building on the property that it used for storage. Because the office is located in a trailer, potential customers have on occasion bypassed the office and then called later to ask where the business was located. They tend to disbelieve that the business does really occupy a trailer.

One of the immediate company goals is to replace the trailer with a permanent facility. It will be a forty-foot (40') by eighty-foot (80') building. The cost will be between \$80,000 and \$85,000. Land has already been purchased for this project. Appendix P has copies of information about the property the Downstream Chili Corporation owns. The land and current buildings are paid for. Owners do not have a current debt against the property. The new building would be directly north of the trailer. The dirt/gravel work has already been done in preparation for the new building.

Downstream Chili is not the only entity with a vision for the community of Downstream. The voters of Platte County did pass a bond issue and a new secondary school has just been completed in Downstream. There are four to six new houses going up or just completed. There is great potential for Downstream to grow. Since part of our “mission” is to help keep Downstream on the map, the First Street location, a new Downstream Chili building, and future business expansion plans are right in line with both our AND the community's goals.

The local post office, which is just one block away from the Downstream Chili Office, handles ninety five percent (95%) of the business' shipping needs. If Downstream Chili Corporation wasn't in Downstream, the community might not have had enough business to support a local post office. The remainder of shipping is done by UPS. Approximately, ninety percent (90%) of the business is done via direct distribution and mail orders and approximately ten percent (10%) comes from "walk in" retail customers.

Price Quality Relationship

Downstream Chili products would be classified as medium priced/high quality products. When considering price/serving, Downstream is similar to or in many cases lower in price than our direct competitors. The products that are sold to gift/specialty and gourmet stores have a higher markup. The retail prices in these stores are higher than in the grocery stores or by mail order. When grocery stores and specialty/gourmet stores are located in the same town, price becomes a big factor. Often the specialty/gourmet stores will drop Downstream Chili products prices because they can't compete with the grocery store prices. When that happens it does not reflect our desired image. The image Downstream wants to present is a high quality gourmet chili seasoning at a medium price range. Sometimes the grocery store sales undercut this image. However, the highest sales volumes are in grocery stores. This issue is a problem that requires the owners to continue to analyze and to look for alternative distribution methods.

Promotional Strategies

Packaging

Downstream Chili is easily recognized by its unique logo of a buffalo on the bluffs with a sun rising in the valley below. The colors are shades of bright orange fading into yellow, which are warm, friendly and even "fiery." Downstream Chili Dip and Dressing mix uses the colors of shades of bright green fading into yellow; a slightly cooler version of Downstream Chili. The original 2.67-ounce container is a small plastic food approved apothecary jar. The logo, or parts of it, can be found on business cards, stationery, packaging from boxes to bags, brochures, checks and all Downstream Chili products. The logo and packaging helps distinguish Downstream Chili products as high quality products. There are pictures of each Downstream Chili product and accessories in the brochures in Appendix M.

By being in both the grocery stores and the gift/specialty stores, packaging does become a problem. The company needs to do more to distinguish between the two markets. The look and "feel" of the specialty/gourmet line needs to be upgraded so there is a distinct difference in the market without sacrificing our high quality image in the grocery stores.

The company marketing slogan or motto is "The *gourmet* Spice of Western Life." A secondary slogan or motto is "Tekanusa Championship." Both of these slogans reflect the high quality gourmet and western image that we want to portray.

Public Relations

When Downstream Chili Corporation first incorporated, the owners wrote several publications to tell them about our unique story. The business was a media hit because the story of the company was so popular and unique. The story is about a small town's desire to survive and what five families did to see that it did survive. Downstream Chili owners embodied the very image of the tough western pioneer survivors. We were a fad and as a result we got several newspaper, TV stations and magazines to publicize our story. Other leads on stories from people and entities across Tekanusa still come our way. For example, the Small Business Development Center was instrumental in getting us in touch with "Knowledge TV." The people from "Knowledge TV" came to Downstream and did a story on us for their "Follow That Dream" series and they still run it from time to time. The story has aired at least four

times over the last year. Channel 9 in Danworth, CO ran this piece on the 5:00 p.m. news broadcast in early May of 1998. This piece showed a grocery store manager next to an end of isle display, original footage from the “Knowledge TV” film and a clip from an original TV ad.

Because of the “Knowledge TV” lead, the owners did buy space in an entrepreneurial book of small businesses with interesting stories. This book is specifically designed for media personnel to look through to find interesting stories to report on. Because of the presence in this book, Downstream Chili has been contacted several times by media personnel who have looked through this resource. This was the only time that Downstream Chili actually paid to have our story publicized.

The owners founded the original Downstream Chili Cookoff in June of 1986. The company continues to be sponsor of this event that the community of Downstream now hosts. The company also feels is important to continue to sponsor several other local events and make donations for door prizes, event packets or special events.

Whenever board members represent Downstream Chili at demos or trade shows (or with any public contact for that matter) a strong effort is put forth to present ourselves with the western image of friendliness, quality, honesty and integrity. It’s an image to which people are drawn. The trade shows booth was designed and created by Kim Wilkes. Its old barn wood look again reflects the western image and attributes.

Advertising

Downstream uses radio, newspaper, a little TV, demos, billboards, retail brochures and an occasional magazine to advertise the products. During the tourist season, it is the billboards that bring people into the small Downstream Chili retail shop. Tourists are asked to sign our guest book with name and address, which helps to continue building a customer database.

In-store demos are one of the best advertising tools. Demos allow people to taste test our products. Once they have had a taste of the best, they become loyal customers.

As in the past, the owners of Downstream Chili plan to budget twelve (12) to thirteen (13) percent of gross sales as the advertising budget for 1998. From experience, sixteen (16) to eighteen (18) percent is wasteful and last year’s eleven percent (11%) was not enough to generate the sales needed. A copy of the 1998 Advertising Budget is in Appendix Q.

Section VI. Financial Plan

A. Worksheets

Worksheets that cover salaries and wages, occupancy expenses, outside services, insurance, sales forecasts, cost of projected product units sold, fixed assets, and other miscellaneous expenses can be found in Appendix R.

The prices of Downstream Chili products are not as affected by quantity volume purchases as by the fluctuations of the prices which occur as a result of crop production and suppliers cost to our custom blender. For example, in 1995, the business experienced a twenty-eight percent (28%) increase in chili costs due to crop conditions and reduced harvest supplies. This naturally creates a price increase for all Downstream Chili products. This is a primary reason the owners are seeking a secondary supplier for our two chilies.

B. Cash Flow Projections

Worksheets that cover break-even analysis and cash flow projections will be found in Appendix R.

C. Financial Statements

Worksheets that cover projected income statements, balance sheets, income tax returns and statements of owner's equity will be found in Appendix R.

D. Additional Financial Information

Summary of Financial Needs

At the inception of Downstream Chili, each of the five families invested two hundred dollars (\$200.00) for a total of one thousand dollars (\$1,000.00). The one thousand dollars (\$1,000.00) was used as a down payment on the purchase of Don Camry's recipe for Downstream Chili. In the early years, each family loaned money to the Corporation for startup costs. This money was repaid to the families with interest. When the business needed financing for things like the purchase of the trailer, money was borrowed from one or more of the board members and repaid them with interest. All of these early debts have been paid. The Corporation has been debt free since that time. Copies of some of these early loans can be found in Appendix R.

For the first year and a half, no wages were paid to board members in order to get the business going. Board members have donated much time and effort to make this business a success. It is fortunate that the five families were willing to make this donation of time and energy to further the cause of Downstream Chili.

Downstream Chili is now looking at building a new building on its lots on First Street in Downstream, Tekanusa. In the cash flow projections, an estimate of between eighty thousand dollars (\$80,000) to eight five thousand dollars (\$85,000) was included for this building. To keep the building within this price range, board members will have to provide much of the labor. There is forty thousand dollars (\$40,000.00) set aside for this project. Also under consideration is the sale of the remaining two stock share that are owned by Downstream Chili Corporation to Del and Mari Franks. This would raise additional funds for this project.

The company will need to borrow approximately forty thousand dollars (\$40,000.00). A six-year loan at eight and one half percent (8½ %) would mean monthly payments of \$711.14 per month. (An amortization table can be found in Appendix R.) The cash flow projections show that this new building project can be handled and still allow for growth of the business.

The advantages of having a new building are as follows:

Approved Kitchen:	<ol style="list-style-type: none">1. Cut kitchen rental cost to bake chili nuts and make the prepared dip and dressing mix.2. Make our own jelly and save costly freight from production source.3. Provide more efficient clean up for production.
Production Area:	<ol style="list-style-type: none">1. Provide more work area.2. Provide more storage for packaging equipment.3. Provide more storage for finished products.4. Provide an area for shipment preparations.
Retail Area:	<ol style="list-style-type: none">1. Create better product display area.2. Increase Tekanusa Products area.3. Accommodate better atmosphere for customer.4. More room to provide taste samples.
Office Area:	<ol style="list-style-type: none">1. Provide more space for files and record storage2. Provide more space for additional desks.3. Provide more space for our second computer and office equipment.
Warehouse Area:	<ol style="list-style-type: none">1. Provide an enclosed storage area that is easily accessible to the production and office area.2. Provide an area to store boxes, trade shows booth, packaging supplies and containers.

Del Franks is currently developing drawings for the proposed new building and a plot plan.

The owners of Downstream Chili would like to express the following:

“New business should help acquire the debt financing needed from the local bank. This business plan will also help do the daily running of our business. This plan provides us with a new flexible and valuable tool that we can enhance, modify and update with the needs of our business. We are very grateful to Helen Sumner and the NxLevel classes for helping us create this valuable tool.”

Please Note: Personal financial statements and tax records will not be provided in the business plan for proprietary reasons. These will only be provided to lending institutions at their request.

CASH RECEIPTS

	Jan. 1996	Jan. 1997	Jan. 1998	Feb. 1996	Feb. 1997	Feb. 1998	Mar. 1996	Mar. 1997	Mar. 1998
BEGINNING CASH BALANCE									
Petty Cash/Cash Register	298.90	200.00	200.00	298.90	200.00	200.00	298.90	200.00	200.00
Checking	5,020.44	12,871.49	28,505.92	12,533.16	12,750.04	20,915.78	8,985.16	9,929.92	12,579.80
Money Market	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
CD	10,000.00	20,583.19	31,888.93	10,000.00	30,583.19	32,218.20	10,000.00	30,697.89	32,218.20
Total Beginning Cash	15,319.34	33,654.68	60,594.85	22,832.06	43,533.23	53,333.98	19,284.06	40,827.81	54,998.00
CHILI SALES									
1 oz. Chili Packet	5,391.52	2,153.93	2,236.74	627.08	2,481.71	4,319.36	1,966.37	1,858.43	3,662.93
1/2 oz. Chili Sample Packet	100.00	0.00	0.00	0.00	250.00	0.00	0.00	250.00	0.00
2.67 oz. Chili Jar	11,071.57	5,108.34	4,908.15	2,280.74	4,041.09	4,922.10	3,003.08	5,018.80	6,819.23
6.5 oz. Chili Jar	333.62	421.72	475.46	232.86	517.88	251.26	326.13	325.83	798.60
1 lb. Jar Chili	1,419.02	1,679.42	1,408.43	991.38	999.10	948.26	1,242.38	917.60	1,510.27
3 lb. Bulk Chili	259.58	37.73	113.19	29.94	188.65	171.00	127.55	0.00	75.46
5 lb. Bulk Chili	0.00	108.52	570.10	99.50	390.82	54.26	316.54	0.00	727.38
Chili Chip Dip - prepared	0.00	0.00	363.00	0.00	0.00	44.56	0.00	0.00	50.79
.7 oz. Dip Packet	0.00	456.20	162.60	0.00	102.50	96.75	0.00	281.87	654.12
2.5 oz. Dip Jar	1,434.02	234.09	276.29	300.91	272.90	76.56	369.25	456.38	484.52
1 lb. Dip Jar	0.00	17.95	18.95	16.95	0.00	13.60	0.00	17.95	0.00
Chili Nuts Jar	6.50	31.56	42.14	50.00	21.01	13.50	21.00	38.85	109.76
Red Pepper Jelly	135.50	57.42	70.45	79.56	126.98	57.42	121.10	325.52	49.85
Red Pepper Jelly Sample	0.00	0.00	15.55	0.00	0.00	13.95	0.00	0.00	24.90
Discounts and Allowances	(2,078.94)	0.00	(468.97)	(11.69)	(564.09)	(1,078.20)	(28.03)	(866.50)	(1,014.20)
Sales Returns		0.00	0.00		0.00	0.00		0.00	0.00
Total Cash Sales	18,072.39	10,306.88	10,192.08	4,697.23	8,828.55	9,904.38	7,465.37	8,624.73	13,953.61
OTHER SALES									
Glenrock Pottery Mugs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pottery Soup Mugs	158.13	51.39	49.50	369.73	202.83	94.05	74.00	92.20	81.39
Ceramic Coasters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ceramic Magnets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Baskets - Handcrafted	26.00	0.00	0.00	26.00	0.00	6.50	0.00	0.00	0.00
Cheyenne Sarsaparilla	0.00	0.00	1.60	0.00	2.90	6.10	0.00	9.60	5.14
Downstream Pins	0.00	10.50	0.00	0.00	0.00	0.00	3.50	3.50	0.00
Ornaments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SL Livestock Postcards	2.10	0.00	0.00	0.00	0.00	0.00	0.70	2.45	3.15
Rocky Mountain Chips	11.75	5.40	14.55	10.00	9.50	14.15	10.15	9.90	9.60
T-Shirts	29.50	17.95	0.00	0.00	71.85	17.95	21.50	18.00	6.00
Caps	9.00	17.50	0.00	46.50	9.00	0.00	27.00	9.00	9.00
Chili Shakers	0.00	5.25	25.90	0.00	11.25	15.50	0.00	10.00	6.50
Gift Box	1.50	1.70	1.00	3.70	1.00	2.25	1.00	1.00	2.50
Aprons	0.00	10.95	10.95	9.95	0.00	10.95	0.00	10.95	21.90
Mugs - Ceramic	147.46	107.49	10.00	94.32	69.00	79.42	0.00	85.51	99.57
Ceramic Soup Tureen	24.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cookbooks	47.60	18.75	53.50	81.05	35.05	48.45	53.85	31.15	52.50
Recipes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00
Postcards Jerry Palen	2.40	0.00	0.00	6.20	0.00	1.40	0.60	1.40	0.40
Potholders	0.00	10.50	16.00	0.00	0.00	14.00	0.00	0.00	23.00
Grandma Pat's Beans	0.00	4.15	1.65	8.25	0.00	4.15	21.45	1.65	4.95
Great Foods Catalog	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00	0.00
Napkins	0.00	2.00	0.00	2.00	0.00	0.00	0.00	1.00	0.00
Misc. Retail Merchandise	0.00	0.00	61.95	0.00	14.00	0.00	0.00	0.00	0.00
Pat's Sourdough	6.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Food Finds	0.00	0.00	0.00	12.00	0.00	0.00	0.00	12.00	0.00
Candy	0.00	2.30	2.20	0.00	4.35	2.80	2.25	8.40	1.65
Sweat Shirts	45.00	17.95	0.00	15.00	17.95	0.00	0.00	17.95	11.00
Total Other Sales	511.89	283.78	248.80	684.70	448.68	317.67	216.00	341.66	338.25
OTHER INCOME									
Shipping	493.35	404.48	394.78	273.15	290.15	264.85	283.90	175.65	304.35
Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.74
Fax & Copies	10.46	7.60	11.56	10.34	20.00	2.85	32.95	6.66	28.22
Finance Charges	29.76	8.56	0.69	2.81	7.08	(3.59)	(12.17)	14.60	6.07
Miscellaneous Income	0.00	0.00	0.00	39.00	61.95	1.29	46.87	0.00	0.00
Interest Income	0.00	0.00	329.27	0.00	114.70	0.00	0.00	0.00	21.06
Total Other Income	533.57	420.64	736.30	325.30	493.88	265.40	351.55	196.91	364.44
TOTAL REVENUE	19,117.85	11,011.30	11,177.18	5,707.23	9,771.11	10,487.45	8,032.92	9,163.30	14,656.30
Sale of Fixed Assets									
TOTAL CASH RECEIPTS	19,117.85	11,011.30	11,177.18	5,707.23	9,771.11	10,487.45	8,032.92	9,163.30	14,656.30

CASH RECEIPTS – continued

	April 1996	April 1997	98 Budget	98 Actual	May 1996	May 1997	98 Budget	98 Actual	June 1996	June 1997	98 Budget	98 Actual
BEGINNING CASH BALANCE												
Petty Cash/Cash Register	298.90	200.00	200.00	200.00	200.00	200.00	200.00		200.00	200.00	200.00	
Checking	11,119.91	11,475.88	12,684.62	12,688.56	5,484.37	15,350.52	16,684.52		6,681.99	15,727.07	13,075.22	
Money Market	0.00	0.00	10,025.00	10,021.06	0.00	0.00	10,025.00		0.00	0.00	10,025.00	
CD	10,000.00	30,697.89	32,218.20	32,218.20	10,000.00	30,824.88	32,218.00		10,000.00	31,040.53	32,218.00	
Total Beginning Cash	21,418.81	42,373.77	55,127.82	55,127.82	15,684.37	46,375.40	59,127.52	0.00	16,881.99	46,967.60	55,518.22	0.00
CHILI SALES												
1 oz. Chili Packet	801.18	471.24	500.00	419.46	1,315.36	775.29	750.00		1,592.79	1,982.51	1,600.00	
1/2 oz. Chili Sample Packet	0.00	0.00	0.00	200.00	0.00	0.00	50.00		0.00	260.00	150.00	
2.67 oz. Chili Jar	896.61	1,285.65	1,200.00	943.12	1,146.02	932.17	950.00		1,568.01	2,960.82	2,500.00	
6.5 oz. Chili Jar	312.97	225.60	200.00	394.07	433.78	373.67	400.00		576.93	455.52	450.00	
1 lb. Jar Chili	726.87	686.17	650.00	879.42	1,474.64	796.55	825.00		914.52	753.40	800.00	
3 lb. Bulk Chili	125.46	0.00	60.00	0.00	167.67	91.63	100.00		163.19	73.63	75.00	
5 lb. Bulk Chili	347.56	108.52	150.00	119.52	173.78	173.78	175.00		233.54	390.82	200.00	
Chili Chip Dip - prepared	0.00	0.00	75.00	53.56	0.00	0.00	100.00		0.00	0.00	150.00	
.7 oz. Dip Packet	619.78	57.52	60.00	98.45	1,123.85	324.85	325.00		450.86	263.15	275.00	
2.5 oz. Dip Jar	223.26	119.54	100.00	81.00	247.68	165.43	175.00		846.35	256.78	275.00	
1 lb. Dip Jar	40.00	67.80	28.00	132.45	80.80	17.95	36.00		167.30	35.90	36.00	
Chili Nuts Jar	0.00	43.67	80.00	126.30	90.30	41.57	50.00		89.50	40.50	50.00	
Red Pepper Jelly	94.96	164.50	100.00	154.31	241.20	173.09	175.00		276.16	209.97	225.00	
Red Pepper Jelly Sample	0.00	0.00	25.00	85.80	0.00	0.00	25.00		0.00	0.00	50.00	
Discounts and Allowances		(10.00)	0.00	(18.00)	(11.64)	(12.50)	0.00		(282.07)	(524.40)	0.00	
Sales Returns		0.00	0.00			0.00	0.00			0.00	0.00	
Total Cash Sales	4,188.65	3,220.21	3,228.00	3,669.46	6,483.44	3,853.48	4,136.00	0.00	6,597.08	7,158.60	6,836.00	\$0.00
OTHER SALES												
Glenrock Pottery Mugs	0.00	0.00	52.00	52.50	0.00	0.00	78.00		0.00	0.00	200.00	
Pottery Soup Mugs	186.11	53.38	50.00	116.18	300.52	173.33	100.00		355.01	351.58	350.00	
Ceramic Coasters	0.00	5.25	0.00	0.00	0.00	9.75	0.00		9.00	10.50	0.00	
Ceramic Magnets	0.00	0.00	0.00	0.00	0.00	5.00	0.00		0.00	2.50	0.00	
Baskets - Handcrafted	10.70	14.00	0.00	6.50	6.50	0.00	6.50		7.00	0.00	6.50	
Cheyenne Sarsaparilla	1.90	2.90	3.00	2.25	8.35	13.10	10.00		21.35	11.45	15.00	
Downstream Pins	0.00	7.00	0.00	3.50	3.50	3.50	3.50		28.00	7.00	14.00	
Ornaments	0.00	0.00	0.00	0.00	0.00	4.50	0.00		0.00	4.50	0.00	
SL Livestock Postcards	1.75	0.70	0.50	2.30	2.80	0.35	0.50		2.80	1.50	2.00	
Rocky Mountain Chips	7.70	14.80	20.00	11.45	13.75	21.59	25.00		7.20	17.55	20.00	
T-Shirts	17.50	6.00	30.00	113.70	21.00	59.90	40.00		83.30	212.41	200.00	
Caps	171.00	9.00	0.00	45.00	23.75	63.00	40.00		138.30	44.14	75.00	
Chili Shakers	0.00	11.25	10.00	34.25	0.00	54.00	54.00		0.00	34.18	50.00	
Gift Box	1.00	0.50	1.00	0.00	0.00	2.00	2.00		1.50	0.50	1.00	
Aprons	69.60	10.95	10.95	21.90	26.90	83.60	50.00		19.50	9.04	20.00	
Mugs - Ceramic	185.28	31.44	30.00	9.25	170.17	189.75	200.00		170.26	105.50	200.00	
Ceramic Soup Tureen	133.90	0.00	25.00	50.00	0.00	19.00	22.00		24.95	19.00	22.00	
Cookbooks	43.55	24.95	14.00	49.90	93.80	75.65	75.00		108.75	82.62	85.00	
Recipes	1.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Postcards Jerry Palen	3.80	1.40	2.00	1.40	3.20	4.30	3.50		4.60	5.00	5.00	
Potholders	0.00	3.50	15.00	(100.50)	24.50	3.50	25.00		39.00	42.00	65.00	
Grandma Pat's Beans	6.60	9.90	5.00	0.00	0.00	6.60	5.00		13.20	16.50	15.00	
Great Foods Catalog	18.04	0.00	0.00	0.00	15.00	0.00	0.00		0.00	0.00	0.00	
Napkins	0.00	4.00	0.00	0.00	2.00	0.00	0.00		10.00	4.00	8.00	
Misc. Retail Merchandise	0.00	(14.00)	0.00	0.00	5.22	7.00	0.00		4.60	6.00	6.00	
Pat's Sourdough	0.00	0.00	0.00	0.00	0.00	6.50	6.50		6.50	0.00	6.50	
Food Finds	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Candy	1.15	7.10	0.00	0.00	5.00	11.30	0.00		6.50	11.85	0.00	
Sweat Shirts	0.00	0.00	0.00	0.55	30.00	23.60	25.00		210.00	59.28	150.00	
Total Other Sales	860.58	204.02	268.45	420.13	755.96	840.82	771.50	0.00	1,271.32	1,058.60	1,516.00	\$0.00
OTHER INCOME												
Shipping	220.20	172.20	175.00	127.18	162.80	166.30	165.00		132.80	195.83	180.00	
Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Fax & Copies	0.00	12.36	10.00	6.42	9.27	0.00	7.00		5.09	0.95	10.00	
Finance Charges	6.89	5.36	5.00	3.35	26.02	1.72	10.00		21.35	(1.02)	5.00	
Miscellaneous Income	129.00	(147.61)	0.00	0.00	253.05	0.00	0.00		4.19	0.00	0.00	
Interest Income	0.00	126.99	375.00	22.55	0.00	215.65	0.00		0.00	0.00	0.00	
Total Other Income	356.09	169.30	565.00	159.50	451.14	383.67	182.00	0.00	163.43	195.76	195.00	\$0.00
TOTAL REVENUE	5,405.32	3,593.53	4,061.45	4,249.09	7,690.54	5,077.97	5,089.50	0.00	8,031.83	8,412.96	8,547.00	\$0.00
Sale of Fixed Assets												
TOTAL CASH RECEIPTS	5,405.32	3,593.53	4,061.45	4,249.09	7,690.54	5,077.97	5,089.50	0.00	8,031.83	8,412.96	8,547.00	\$0.00

CASH RECEIPTS – continued

	July 1996	July 97	98 Budget	98 Actual	Aug. 1996	Aug. 1997	98 Budget	98 Actual	Sept. 1996	Sept. 1997	98 Budget	98 Actual
BEGINNING CASH BALANCE												
Petty Cash/Cash Register	200.00	200.00	200.00		200.00	200.00	200.00		200.00	200.00	200.00	
Checking	10,703.44	17,865.80	900.50		9,289.49	19,655.85	1,997.90		12,423.42	21,729.94	3,343.26	
Money Market	0.00	0.00	10,050.00		0.00	0.00	10,050.00		0.00	0.00	10,050.00	
CD	10,000.00	31,040.53	32,218.00		10,000.00	31,578.37	32,218.00		10,469.72	31,578.37	32,218.00	
Total Beginning Cash	20,903.44	49,106.33	43,563.50	0.00	19,489.49	51,434.22	48,535.90	0.00	23,093.14	53,508.31	49,881.26	0.00
CHILI SALES												
1 oz. Chili Packet	1,938.90	1,169.29	2,100.00		987.48	1,944.52	2,000.00		2,429.42	4,007.95	4,400.00	
1/2 oz. Chili Sample Packet	235.00	4.00	0.00		62.50	0.00	50.00		45.00	281.45	75.00	
2.67 oz. Chili Jar	3,059.04	2,458.03	5,500.00		1,648.62	3,382.68	3,500.00		6,322.22	8,585.47	9,350.00	
6.5 oz. Chili Jar	715.47	713.16	750.00		675.73	869.61	725.00		579.80	1,123.78	3,235.00	
1 lb. Jar Chili	1,229.47	1,239.29	1,500.00		1,281.62	1,902.94	1,800.00		1,821.95	1,975.85	2,000.00	
3 lb. Bulk Chili	87.73	127.53	125.00		0.00	167.09	90.00		318.01	201.16	300.00	
5 lb. Bulk Chili	217.04	108.52	200.00		114.02	162.78	200.00		521.34	390.82	400.00	
Chili Chip Dip - prepared	0.00	0.00	250.00		0.00	0.00	100.00		0.00	0.00	75.00	
.7 oz. Dip Packet	594.93	387.89	500.00		507.81	344.76	400.00		350.19	382.53	375.00	
2.5 oz. Dip Jar	553.96	598.86	600.00		496.06	415.33	460.00		386.16	526.31	450.00	
1 lb. Dip Jar	13.60	84.02	36.00		88.55	17.95	36.00		17.95	35.90	36.00	
Chili Nuts Jar	283.36	115.24	225.00		238.62	37.58	100.00		96.23	76.67	75.00	
Red Pepper Jelly	328.70	160.85	300.00		250.37	217.38	225.00		214.92	271.15	275.00	
Red Pepper Jelly Sample		0.00	100.00		0.00	0.00	50.00		0.00	0.00	50.00	
Discounts and Allowances		(15.00)	0.00		7.06	(573.30)	0.00		(342.00)	(1,289.90)	(1,418.00)	
Sales Returns		0.00	0.00			0.00	0.00		(7.06)	0.00	0.00	
Total Cash Sales	9,257.20	7,151.68	12,186.00	0.00	6,358.44	8,889.32	9,736.00	0.00	12,754.13	16,569.14	19,678.00	0.00
OTHER SALES												
Glenrock Pottery Mugs	0.00	0.00	200.00		0.00	0.00	100.00		0.00	0.00	100.00	
Pottery Soup Mugs	300.83	141.38	300.00		230.87	261.71	250.00		86.66	111.19	100.00	
Ceramic Coasters	0.00	21.00	10.00		17.50	0.00	10.00		22.75	0.00	10.00	
Ceramic Magnets	0.00	0.00	10.00		13.50	0.00	10.00		0.00	0.00	5.00	
Baskets - Handcrafted	6.50	28.50	15.00		34.50	9.50	20.00		15.00	28.50	13.00	
Cheyenne Sarsaparilla	40.55	38.95	40.00		53.88	15.25	40.00		8.55	10.85	25.00	
Downstream Pins	10.50	17.50	15.00		17.50	10.50	12.00		0.00	10.50	10.00	
Ornaments	0.00	9.00	5.00		0.00	0.00	5.00		0.00	13.50	0.00	
SL Livestock Postcards	7.10	1.05	3.50		2.10	2.10	2.00		2.45	3.85	3.00	
Rocky Mountain Chips	10.10	18.80	20.00		20.50	16.25	20.00		20.52	13.20	20.00	
T-Shirts	71.95	41.90	100.00		259.75	107.75	150.00		71.90	47.95	65.00	
Caps	187.25	45.00	200.00		36.00	36.00	50.00		36.00	9.00	36.00	
Chili Shakers	0.00	20.25	100.00		0.00	73.50	75.00		0.00	87.15	85.00	
Gift Box	3.00	3.50	2.00		0.90	3.50	2.00		0.00	4.50	2.00	
Aprons	134.70	42.35	75.00		21.90	19.00	20.00		21.90	28.59	25.00	
Mugs - Ceramic	301.16	148.88	300.00		278.78	267.52	275.00		142.78	126.14	150.00	
Ceramic Soup Tureen	62.95	74.85	66.00		24.95	24.95	22.00		24.95	0.00	22.00	
Cookbooks	185.30	123.15	175.00		59.55	148.10	100.00		80.70	136.55	125.00	
Recipes	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Postcards Jerry Palen	14.00	11.80	15.00		10.20	2.60	5.00		4.40	5.80	5.00	
Potholders	49.00	50.75	120.00		45.30	95.50	65.00		0.00	55.50	65.00	
Grandma Pat's Beans	24.35	7.85	15.00		23.10	8.25	10.00		26.40	24.75	20.00	
Great Foods Catalog	0.00	15.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Napkins	2.00	2.00	4.00		5.00	4.00	4.00		6.00	2.00	4.00	
Misc. Retail Merchandise	13.84	7.00	10.00		2.48	1.00	0.00		4.34	7.00	10.00	
Pat's Sourdough	0.00	6.50	6.50		6.50	0.00	6.50		0.00	0.00	0.00	
Food Finds	0.00	0.00	0.00		0.00	12.00	0.00		0.00	0.00	0.00	
Candy	12.45	10.35	0.00		22.77	5.60	0.00		4.75	5.50	0.00	
Sweat Shirts	15.00	30.00	100.00		0.00	15.00	20.00		15.00	30.00	20.00	
Total Other Sales	1,452.53	917.31	1,907.00	0.00	1,187.53	1,139.58	1,273.50	0.00	595.05	762.02	920.00	0.00
OTHER INCOME												
Shipping	174.05	185.00	185.00		162.51	132.75	140.00		301.75	298.60	300.00	
Returns & Allowances	0.00	0.00	0.00		0.00	0.00	0.00		0.00	(5.00)	0.00	
Fax & Copies	17.71	27.71	20.00		24.76	0.00	10.00		13.67	8.55	10.00	
Finance Charges	17.45	6.18	10.00		12.32	1.12	10.00		14.71	0.61	5.00	
Miscellaneous Income	1.50	0.00	3,160.00		0.00	0.00	0.00		0.00	0.00	1,000.00	
Interest Income	0.00	537.84	500.00		469.72	0.00	0.00		0.00	0.00	0.00	
Total Other Income	210.71	756.73	3,875.00	0.00	669.31	133.87	160.00	0.00	330.13	302.76	1,315.00	0.00
TOTAL REVENUE	10,920.44	8,825.72	17,968.00	0.00	8,215.28	10,162.77	11,169.50	0.00	13,679.31	17,633.92	21,913.00	0.00
Sale of Fixed Assets												
TOTAL CASH RECEIPTS	10,920.44	8,825.72	17,968.00	0.00	8,215.28	10,162.77	11,169.50	0.00	13,679.31	17,633.92	21,913.00	0.00

CASH RECEIPTS – continued

	Oct. 1996	Oct. 1997	98 Budget	98 Actual	Nov. 1996	Nov. 1997	98 Budget	98 Actual	Dec. 1996	Dec. 1997	98 Budget	98 Actual
BEGINNING CASH BALANCE												
Petty Cash/Cash Register	200.00	200.00	200.00		200.00	200.00	200.00		200.00	200.00	200.00	
Checking	9,930.26	17,695.42	5,787.25		13,592.48	24,644.27	18,465.31		18,675.99	34,086.62	18,811.26	
Money Market	0.00	0.00	10,050.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
CD	10,469.72	31,578.37	10,000.00	0.00	10,469.72	31,578.37	10,000.00		10,583.19	31,888.93	10,000.00	
Total Beginning Cash	20,599.98	49,473.79	30,107.25	0.00	24,262.20	56,422.64	28,665.31	0.00	29,459.18	66,175.55	33,081.26	
CHILI SALES												
1 oz. Chili Packet	2,650.51	2,199.32	2,418.00		3,914.77	3,223.98	3,900.00		4,675.39	2,151.80	3,300.00	
1/2 oz. Chili Sample Packet	6.00	50.00	25.00		0.00	25.00	0.00		1.00	90.00	25.00	
2.67 oz. Chili Jar	6,079.32	4,436.52	4,500.00		7,745.79	9,232.83	9,350.00		8,285.16	6,990.78	8,250.00	
6.5 oz. Chili Jar	678.40	741.08	1,000.00		2,310.85	3,255.74	3,580.00		1,301.48	832.70	1,100.00	
1 lb. Jar Chili	1,736.38	1,549.82	1,600.00		4,157.88	5,981.65	6,500.00		3,730.79	2,676.70	3,200.00	
3 lb. Bulk Chili	113.19	107.80	110.00		220.99	93.73	150.00		0.00	94.73	60.00	
5 lb. Bulk Chili	173.78	298.80	250.00		450.58	222.54	300.00		450.58	228.04	335.00	
Chili Chip Dip - prepared	0.00	0.00	50.00		0.00	0.00	150.00		0.00	0.00	150.00	
.7 oz. Dip Packet	178.40	101.20	140.00		526.67	727.40	625.00		284.70	714.37	500.00	
2.5 oz. Dip Jar	431.49	176.56	250.00		941.78	1,387.09	1,000.00		1,072.64	1,260.29	1,275.00	
1 lb. Dip Jar	17.95	0.00	18.00		13.60	75.80	36.00		0.00	18.95	19.00	
Chili Nuts Jar	105.21	76.68	100.00		480.75	350.78	400.00		256.59	137.05	200.00	
Red Pepper Jelly	131.79	145.81	150.00		628.32	500.34	575.00		480.63	191.02	350.00	
Red Pepper Jelly Sample	0.00	71.30	50.00		0.00	149.90	150.00		0.00	143.15	150.00	
Discounts and Allowances	0.00	(155.00)	0.00		(560.86)	(780.90)	(100.00)		(1,277.26)	(342.00)	0.00	
Sales Returns	0.00	0.00	0.00		0.00	0.00	0.00		(37.73)	0.00	0.00	
Total Cash Sales	12,302.42	9,799.89	10,661.00	0.00	20,831.12	24,445.88	26,616.00	0.00	19,223.97	15,187.58	18,914.00	
OTHER SALES												
Glenrock Pottery Mugs	0.00	0.00	75.00		0.00	0.00	300.00		0.00	0.00	300.00	
Pottery Soup Mugs	239.41	66.25	125.00		521.03	827.71	700.00		815.59	798.95	750.00	
Ceramic Coasters	15.00	5.00	10.00		4.50	17.50	10.00		42.50	12.50	30.00	
Ceramic Magnets	0.00	0.00	0.00		0.00	13.50	5.00		7.00	0.00	5.00	
Baskets - Handcrafted	6.50	0.00	6.50		36.50	64.75	60.00		192.50	143.89	175.00	
Cheyenne Sarsaparilla	5.70	1.60	10.00		1.90	4.45	3.00		13.30	3.80	5.00	
Downstream Pins	3.50	0.00	3.50		0.00	3.50	3.50		3.50	0.00	3.50	
Ornaments	0.00	9.00	0.00		14.00	18.00	18.00		29.50	45.00	40.00	
SL Livestock Postcards	1.15	3.15	2.00		0.00	0.35	0.00		0.00	1.75	1.00	
Rocky Mountain Chips	14.90	16.45	15.00		10.10	23.05	15.00		6.65	29.45	15.00	
T-Shirts	36.95	35.90	35.00		46.95	143.60	150.00		95.30	71.80	90.00	
Caps	59.75	59.75	50.00		81.00	45.00	60.00		59.75	36.00	50.00	
Chili Shakers	0.00	109.15	125.00		23.71	274.60	300.00		165.00	142.75	200.00	
Gift Box	7.70	1.00	1.00		18.90	20.01	30.00		39.00	42.00	42.00	
Aprons	63.10	9.50	20.00		74.65	30.90	50.00		54.75	98.55	75.00	
Mugs - Ceramic	219.28	260.32	275.00		300.32	405.03	450.00		552.42	309.00	550.00	
Ceramic Soup Tureen	24.95	55.85	22.00		24.95	0.00	66.00		24.95	100.00	66.00	
Cookbooks	81.70	56.10	60.00		196.37	226.72	225.00		74.00	101.40	100.00	
Recipes	1.00	0.00	0.00		1.00	0.00	0.00		0.00	0.00	0.00	
Postcards Jerry Palen	2.00	4.00	3.00		0.20	0.00	2.00		0.80	0.40	1.00	
Potholders	10.50	26.00	32.50		26.00	149.45	150.00		63.00	137.60	150.00	
Grandma Pat's Beans	3.30	4.95	4.00		9.10	26.40	15.00		4.95	21.10	15.00	
Great Foods Catalog	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Napkins	2.00	0.00	2.00		10.00	6.00	6.00		13.00	2.00	6.00	
Misc. Retail Merchandise	3.10	0.00	0.00		0.00	0.00	0.00		15.50	0.00	10.00	
Pat's Sourdough	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Food Finds	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Candy	8.50	4.20	0.00		2.90	5.50	0.00		1.65	4.95	0.00	
Sweat Shirts	0.00	13.00	30.00		65.90	12.00	30.00		32.95	140.30	50.00	
Total Other Sales	809.99	741.17	906.50	0.00	1,469.98	2,318.02	2,648.50	0.00	2,307.56	2,243.19	2,729.50	
OTHER INCOME												
Shipping	406.58	312.85	325.00		721.45	841.70	900.00		981.72	982.14	1,025.00	
Returns & Allowances	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Fax & Copies	11.90	15.19	122.00		(50.34)	2.86	10.00		19.18	1.90	10.00	
Finance Charges	3.25	4.13	5.00		13.50	10.55	10.00		(9.24)	(5.32)	10.00	
Miscellaneous Income	6.66	0.50	0.00		113.47	0.00	500.00		14.35	1.50	500.00	
Interest Income	0.00	0.00	0.00			310.56	0.00		0.00	0.00	0.00	
Total Other Income	428.39	332.67	452.00	0.00	798.08	1,165.67	1,420.00	0.00	1,006.01	980.22	1,545.00	
TOTAL REVENUE	13,540.80	10,873.73	12,019.50	0.00	23,099.18	27,929.57	30,684.50	0.00	22,537.54	18,410.99	23,188.50	
Sale of Fixed Assets												
TOTAL CASH RECEIPTS	13,540.80	10,873.73	12,019.50	0.00	23,099.18	27,929.57	30,684.50	0.00	22,537.54	18,410.99	23,188.50	

CASH RECEIPTS – continued

	TOTALS 1996	TOTALS 1997	Budget/Tot/98	TOTALS 98
CHILI SALES				
1 oz. Chili Packet	\$28,290.77	\$24,419.97		\$31,106.49
1/2 oz. Chili Sample Packet	\$449.50	\$1,210.45		\$575.00
2.67 oz. Chili Jar	\$53,106.18	\$54,433.18		\$61,492.60
6.5 oz. Chili Jar	\$8,478.02	\$9,856.29		\$13,159.39
1 lb. Jar Chili	\$20,726.90	\$21,158.49		\$22,971.38
3 lb. Bulk Chili	\$1,613.31	\$1,183.68		\$1,369.65
5 lb. Bulk Chili	\$3,098.26	\$2,583.96		\$3,531.26
Chili Chip Dip - prepared	\$0.00	\$0.00		\$1,536.91
.7 oz. Dip Packet	\$4,637.19	\$4,144.24		\$4,151.92
2.5 oz. Dip Jar	\$7,303.56	\$5,869.56		\$5,403.37
1 lb. Dip Jar	\$456.70	\$390.17		\$418.00
Chili Nuts Jar	\$1,718.06	\$1,011.16		\$1,491.70
Red Pepper Jelly	\$2,983.21	\$2,544.03		\$2,607.03
Red Pepper Jelly Sample	\$0.00	\$364.35		\$765.20
Discounts and Allowances	(\$4,585.43)	(\$5,133.59)		(\$4,097.37)
Sales Returns	(\$44.79)	\$0.00		\$0.00
Total Cash Sales	\$128,231.44	\$124,035.94		\$146,482.53
OTHER SALES				
Glenrock Pottery Mugs	\$0.00	\$0.00		\$1,405.50
Pottery Soup Mugs	\$3,637.89	\$3,131.90		\$3,016.12
Ceramic Coasters	\$111.25	\$81.50		\$80.00
Ceramic Magnets	\$20.50	\$21.00		\$35.00
Baskets - Handcrafted	\$367.70	\$289.14		\$315.50
Cheyenne Sarsaparilla	\$155.48	\$114.85		\$163.09
Downstream Pins	\$70.00	\$73.50		\$68.50
Ornaments	\$43.50	\$103.50		\$68.00
SL Livestock Postcards	\$22.95	\$17.25		\$19.45
Rocky Mountain Chips	\$143.32	\$195.94		\$199.75
T-Shirts	\$755.60	\$835.01		\$967.65
Caps	\$875.30	\$382.39		\$615.00
Chili Shakers	\$188.71	\$833.33		\$1,071.15
Gift Box	\$78.20	\$81.21		\$87.75
Aprons	\$496.95	\$354.38		\$400.70
Mugs - Ceramic	\$2,562.23	\$2,105.58		\$2,598.24
Ceramic Soup Tureen	\$371.50	\$293.65		\$358.00
Cookbooks	\$1,106.22	\$1,060.19		\$1,149.35
Recipes	\$3.00	\$1.00		\$0.00
Postcards Jerry Palen	\$52.40	\$36.70		\$42.70
Potholders	\$257.30	\$574.30		\$625.00
Grandma Pat's Beans	\$140.70	\$132.10		\$109.75
Great Foods Catalog	\$33.04	\$30.00		\$0.00
Napkins	\$52.00	\$27.00		\$34.00
Misc. Retail Merchandise	\$49.08	\$28.00		\$97.95
Pat's Sourdough	\$19.50	\$13.00		\$26.00
Food Finds	\$12.00	\$24.00		\$0.00
Candy	\$67.92	\$81.40		\$6.65
Sweat Shirts	\$428.85	\$377.03		\$436.55
Total Other Sales	\$12,123.09	\$11,298.85		\$13,997.35
OTHER INCOME				
Shipping	\$4,314.26	\$4,157.65		\$4,311.16
Returns & Allowances	\$0.00	(\$5.00)		\$4.74
Fax & Copies	\$104.99	\$103.78		\$248.05
Finance Charges	\$126.65	\$53.57		\$71.52
Miscellaneous Income	\$608.09	(\$83.66)		\$5,161.29
Interest Income	\$469.72	\$1,305.74		\$872.88
Total Other Income	\$5,623.71	\$5,532.08		\$10,669.64
TOTAL REVENUE	\$145,978.24	\$140,866.87		\$171,149.52
Sale of Fixed Assets	\$0.00	\$0.00		\$0.00
TOTAL CASH RECEIPTS	\$145,978.24	\$140,866.87		\$171,149.52

CASH DISBURSEMENTS

	Jan. 96	Jan. 1997	Jan. 1998	Feb. 1996	Feb. 1997	Feb. 1998	Mar. 1996	Mar. 1997	Mar. 1998
OCCUPANCY									
Building Contractor									
Telephone	358.14	487.17	240.60	589.37	369.14	392.23	583.56	541.08	541.66
Utilities		187.71	81.16	150.01	251.73	83.21	119.55	194.88	244.20
Property Tax									
Property Maintenance							50.00	1.46	
Total Occupancy Expenses	358.14	674.88	321.76	739.38	620.87	475.44	753.11	737.42	785.86
ADMINISTRATIVE EXPENSES									
Sales Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	199.85	0.00
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment Repair and Costs	0.00	202.60	0.00	101.31	0.00	0.00	0.00	0.00	0.00
Legal & Accounting	0.00	0.00	33.00	675.00	675.00	0.00	0.00	109.50	775.00
Bad Debt Expense	22.30	0.00	89.30	264.61	0.00	0.00	0.00	256.70	0.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Penalties	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Credit Card Discounts	287.56	160.60	297.62	27.02	53.58	61.38	61.03	38.27	4.07
Bank Service Charges		49.00	34.00		0.00	0.00		0.00	0.00
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office Supplies	0.00	158.42	279.59	122.89	0.00	334.36	182.30	149.22	187.96
Office Expense	0.00	0.00	0.00	152.70	2.00	0.00	105.00	23.79	153.80
Dues & Subscriptions	0.00	0.00	100.00	0.00	75.00	75.00	75.00	0.00	0.00
Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00	75.00	0.00	16.55	0.00
Board of Director Expenses	0.00	0.00	439.50	288.43	285.00	0.00	240.00	390.00	180.00
Cash Over/Short		0.00	(0.50)		0.00	0.00		0.00	0.00
Seminar and Education	0.00	0.00	325.00	0.00	0.00	67.00	75.00	45.00	0.00
Donations/Contributions	0.00	0.00	0.00	0.00	0.00	0.00	22.00	0.00	0.00
Corporate Taxes/Dues	89.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chili Cook-Off Expenses	0.00	34.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Administrative Expenses	399.16	605.52	1,597.51	1,631.96	1,090.58	612.74	760.33	1,228.88	1,300.83

CASH DISBURSEMENTS - continued

	Jan. 96	Jan. 1997	Jan. 1998	Feb. 1996	Feb. 1997	Feb. 1998	Mar. 1996	Mar. 1997	Mar. 1998
WAGE/BENEFIT EXPENSES									
Wages	3,239.37	2,546.18	3,251.34	2,221.38	2,641.35	2,210.03	2,507.65	2,042.12	2,957.66
FICA Expense	247.82	194.78	248.74	169.94	202.06	169.07	191.86	156.23	226.25
FUTA Expense	25.92	20.36	26.01	17.77	21.15	17.68	20.07	16.33	23.67
SUTA Expense	8.75	7.63	9.76	6.67	7.92	6.63	7.53	6.13	8.87
Workers Comp. Expenses									
Total Wage/Benefit Expenses	3,521.86	2,768.95	3,535.85	2,415.76	2,872.48	2,403.41	2,727.11	2,220.81	3,216.45
COST OF GOODS SOLD									
Cost of Sales/Chili	3,845.55	3,803.10	1,956.27	1,018.29	1,797.65	1,838.83	1,554.86	1,886.40	2,997.92
Cost of Sales/Other	327.88	770.62	199.64	498.74	326.11	224.44	166.00	261.38	241.36
Total Costs/Sales	4,173.43	4,573.72	2,155.91	1,517.03	2,123.76	2,063.27	1,720.86	2,147.78	3,239.28
SELLING EXPENSES									
Consultants	0.00	0.00	450.00	0.00	0.00	0.00	0.00	0.00	0.00
Packaging Expenses, Misc.	1.51	0.00	119.88	752.91	54.44	106.90	268.58	66.18	17.10
Commissions	0.00	0.00	0.00	0.00	13.59	0.00	0.00	0.00	0.00
Slotting Fees						400.00			0.00
License Fees	0.00	0.00	66.00	60.00	50.00	0.00	0.00	0.00	10.00
Payroll Tax Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advertising	706.46	297.73	598.47	671.37	907.01	555.07	492.35	759.97	1,292.06
Royalties	0.00	0.00	533.91	0.00	0.00	0.00	381.26	408.78	0.00
Demo Supplies	59.25	32.25	27.12	117.28	75.86	133.70	212.77	19.94	176.60
Demo Expense	122.50	56.00	147.00	514.13	549.00	298.00	526.39	30.28	201.00
Freight Expense	646.04	608.39	1,336.32	539.98	377.58	478.55	1,080.98	358.43	699.20
Travel	0.00	0.00	182.97	736.72	105.23	15.52	594.66	687.02	170.72
Spoilage	0.00	11.73	234.60	0.00	0.00	0.00	0.00	0.00	0.00
Total Selling Expenses	1,535.76	1,006.10	3,696.27	3,392.39	2,132.71	1,987.74	3,556.99	2,330.60	2,566.68
TOTAL DISBURSEMENTS	9,988.35	9,629.17	11,307.30	9,696.52	8,840.40	7,542.60	9,518.40	8,665.49	11,109.10
TOTAL CASH REVENUE	19,117.85	11,011.30	11,177.18	5,707.23	9,771.11	10,487.45	8,032.92	9,163.30	14,656.30
NET CASH FLOW	9,129.50	1,382.13	(130.12)	(3,989.29)	930.71	2,944.85	(1,485.48)	497.81	3,547.20
Adjusted A/R AND A/P	(1,616.78)	8,496.42	(7,130.75)	441.29	(3,636.13)	(1,280.83)	3,620.23	1,048.15	(3,417.38)
Accrual to Cash Method									
New Debt									
New Owner Investment									
New Debt Interest Payment									
New Debt Principal Payment									
New Owner Withdrawal									
BEGINNING CASH BALANCE	15,319.34	33,654.68	60,594.85	22,832.06	43,533.23	53,333.98	19,284.06	40,827.81	54,998.00
ENDING CASH BALANCE	22,832.06	43,533.23	53,333.98	19,284.06	40,827.81	54,998.00	21,418.81	42,373.77	55,127.82

CASH DISBURSEMENTS - continued

	Apr. 1996	Apr. 1997	98 Budget	98 Actual	May 1996	May 1997	98 Budget	98 Actual	Jun. 1996	Jun. 1997	98 Budget	98 Actual
OCCUPANCY												
Building Contractor							500.00				7,000.00	
Telephone	278.54	478.93	480.00	259.09	417.55	440.29	428.92		390.46	290.05	340.26	
Utilities	97.50	152.57	125.03	73.09	24.00	68.42	46.21		55.73	180.65	118.19	
Property Tax			0.00	0.00			0.00				0.00	
Property Maintenance			36.00	0.00	125.29	45.00	36.00				36.00	
Total Occupancy Expenses	376.04	631.50	641.03	332.18	566.84	553.71	1,011.13		446.19	470.70	7,494.45	
ADMINISTRATIVE EXPENSES												
Sales Tax	0.00	0.00	0.00	31.07	0.00	0.00	0.00		(1.06)	0.00	0.00	
Amortization	0.00	267.00	267.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Depreciation	0.00	2,157.00	1,911.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Equipment Repair and Costs	0.00	0.00	0.00	110.74	0.00	0.00	0.00		0.00	0.00	0.00	
Legal & Accounting	0.00	0.00	0.00	0.00	55.00	0.00	250.00		0.00	0.00	0.00	
Bad Debt Expense	98.90	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Penalties	0.00	0.00	0.00	0.00	0.00	0.00	250.00		0.00	0.00	0.00	
Credit Card Discounts	58.92	27.21	43.06	45.21	0.00	30.28	15.14		76.46	29.87	53.17	
Bank Service Charges	22.64	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Insurance	0.00	0.00	0.00	0.00	273.00	0.00	0.00		0.00	0.00	0.00	
Office Supplies	80.34	271.89	176.11	100.14	132.78	56.10	102.01		10.45	85.39	47.92	
Office Expense	76.65	0.00	38.32	12.93	0.00	0.00	0.00		0.00	0.00	0.00	
Dues & Subscriptions	100.00	0.00	100.00	0.00	150.00	150.00	150.00		0.00	0.00	0.00	
Miscellaneous Expenses	0.00	80.00	40.00	0.00	6.83	(20.00)	0.00		0.00	0.00	0.00	
Board of Director Expenses	0.00	300.00	180.00	0.00	20.00	0.00	90.00		360.00	0.00	180.00	
Cash Over/Short		0.00	0.00	0.00		0.00	0.00			(0.81)	0.00	
Seminar and Education	0.00	0.00	0.00	0.00	40.00	25.00	0.00		30.00	(25.00)	630.00	
Donations/Contributions	115.00	20.00	67.50	15.00	10.00	50.00	30.00		0.00	0.00	0.00	
Corporate Taxes/Dues	0.00	0.00	0.00	100.00	150.00	100.00	125.00		0.00	0.00	0.00	
Chili Cook-Off Expenses	0.00	0.00	250.00	250.00	290.22	54.75	0.00		87.63	250.00	400.00	
Total Administrative Expenses	552.45	3,123.10	3,072.99	665.09	1,127.83	446.13	1,012.15	0.00	563.48	339.45	1,311.09	0.00

CASH DISBURSEMENTS - continued

	Apr. 1996	Apr. 1997	98 Budget	98 Actual	May 1996	May 1997	98 Budget	98 Actual	Jun. 1996	Jun. 1997	98 Budget	98 Actual
WAGE/BENEFIT EXPENSES												
Wages	2,199.90	2,294.39	2,847.14	2,134.04	1,958.45	1,655.63	1,879.32		1,664.44	2,117.04	1,966.37	
FICA Expense	168.31	444.73	219.22	163.29	149.82	126.65	144.71		127.33	161.96	151.41	
FUTA Expense	17.62	18.46	22.78	17.09	15.68	13.25	15.03		9.77	16.95	15.73	
SUTA Expense	7.57	6.90	9.18	31.66	5.87	4.96	7.52		4.99	6.34	7.87	
Workers Comp Expenses	121.22	415.39	483.26	0.00			0.00				0.00	
Total Wage/Benefit Expenses	2,514.62	3,179.87	3,581.58	2,346.08	2,129.82	1,800.49	2,046.58	0.00	1,806.53	2,302.29	2,141.38	0.00
COST OF GOODS SOLD												
Cost of Sales/Chili	1,174.51	685.15	929.83	791.62	1,729.90	773.26	1,251.58		1,973.61	1,487.33	1,730.47	
Cost of Sales/Other	607.53	142.70	375.12	363.52	531.13	598.71	564.92		821.65	780.43	801.04	
Total Cost of Sales	1,782.04	827.85	1,304.95	1,155.14	2,261.03	1,371.97	1,816.50	0.00	2,795.26	2,267.76	2,531.51	0.00
SELLING EXPENSES												
Consultants	0.00	0.00	0.00	90.00	0.00	0.00	0.00		0.00	0.00	0.00	
Packaging Expenses, Misc	0.00	47.19	50.00	66.49	0.00	0.00	0.00		89.44	39.13	64.29	
Commissions	0.00	0.00	5.00	5.34	0.00	0.00	0.00		11.63	0.00	5.82	
Slotting Fees			0.00	0.00			0.00				0.00	
License Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	20.00	10.00	
Payroll Tax Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Advertising	286.96	1,424.97	400.00	453.84	142.24	376.31	100.00		724.18	545.80	75.00	
Royalties	0.00	0.00	0.00	347.51	0.00	0.00	0.00		200.99	168.28	184.64	
Demo Supplies	0.00	22.18	25.00	25.26	61.68	9.95	0.00		129.32	20.93	75.13	
Demo Expense	0.00	0.00	36.00	0.00	186.00	0.00	93.00		0.00	5.33	0.00	
Freight Expense	406.56	250.43	328.50	339.13	326.93	186.82	303.38		223.68	393.55	308.62	
Travel	0.00	58.38	50.00	0.00	0.00	0.00	1,940.00		0.00	0.00	0.00	
Spoilage	0.00	0.00	0.00	(29.00)	0.00	0.00	0.00		0.00	0.00	0.00	
Total Selling Expenses	693.52	1,803.15	894.50	1,298.57	716.85	573.08	2,436.38	0.00	1,379.24	1,193.02	723.50	0.00
TOTAL DISBURSEMENTS	5,918.67	9,565.47	9,495.05	5,797.06	6,802.37	4,745.38	8,322.74	0.00	6,990.70	6,573.22	14,201.93	0.00
TOTAL CASH REVENUE	5,405.32	3,593.53	3,496.45	4,249.09	7,690.54	5,077.97	5,089.50		8,031.83	8,412.96	8,547.00	
NET CASH FLOW	(513.35)	(5,971.94)	(5,998.60)	(1,547.97)	888.17	332.59	(3,233.24)	0.00	1,041.13	1,839.74	(5,654.93)	0.00
Adjusted A/R AND A/P	(5,221.09)	9,973.57	(376.06)	5,547.67	309.45	259.61	(376.06)		2,980.32	298.99	(376.06)	
Accrual to Cash Method												
New Debt												
New Owner Investment												
New Debt Interest Payment												
New Debt Principal Payment												
New Owner Withdrawal												
BEGINNING CASH BALANCE	21,418.81	42,373.77	55,127.82	55,127.82	15,684.37	46,375.40	59,127.52		16,881.99	46,967.60	55,518.22	
ENDING CASH BALANCE	15,684.37	46,375.40	48,753.16	59,127.52	16,881.99	46,967.60	55,518.22	0.00	20,903.44	49,106.33	49,487.23	0.00

CASH DISBURSEMENTS - continued

	July 1996	July 97	98 Budget	98 Actual	Aug. 1996	Aug. 1997	98 Budget	98 Actual	Sept. 1996	Sept. 1997	98 Budget	98 Actual
OCCUPANCY												
Building Contractor			0.00				0.00				32,530.00	
Telephone	280.08	319.53	299.81		276.28	283.12	279.70		398.90	371.92	385.41	
Utilities	121.57	117.17	119.37		79.50	90.87	85.19		84.92	90.90	175.82	
Property Tax			0.00				0.00				0.00	
Property Maintenance	290.00	84.64	36.00		14.99		36.00		60.00	102.85	36.00	
Total Occupancy Expenses	691.65	521.34	455.18		370.77	373.99	400.89		543.82	565.67	33,127.23	
ADMINISTRATIVE EXPENSES												
Sales Tax	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Amortization	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Equipment Repair and Costs	73.78	0.00	36.89		0.00	145.67	72.84		0.00	44.99	22.50	
Legal & Accounting	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Bad Debt Expense	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Interest Expense	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Penalties	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Credit Card Discounts	34.43	0.00	75.00		53.47	74.59	64.03		97.49	46.08	71.79	
Bank Service Charges	0.00	0.00	0.00		0.00	40.00	20.00		0.00	0.00	0.00	
Insurance	0.00	0.00	0.00		1,548.00	1,289.00	1,418.00		0.00	84.00	84.00	
Office Supplies	33.30	0.00	16.65		176.88	88.08	132.48		82.96	87.17	85.07	
Office Expense	0.00	7.27	3.64		1.28	0.00	0.00		0.00	2.19	0.00	
Dues & Subscriptions	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Miscellaneous Expenses	0.00	0.00	0.00		0.00	5.00	0.00		0.00	0.00	0.00	
Board of Director Expenses	0.00	360.00	180.00		0.00	0.00	300.00		0.00	0.00	300.00	
Cash Over/Short		0.06	0.00			0.00	0.00		0.08	0.00	0.00	
Seminar and Education	0.00	0.00	0.00		0.00	0.00	0.00		0.00	64.00	0.00	
Donations/Contributions	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Corporate Taxes/Dues	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Chili Cook-Off Expenses	255.51	275.64	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Total Administrative Expenses	397.02	642.97	312.18	0.00	1,779.63	1,642.34	2,007.35	0.00	180.53	328.43	563.36	0.00

CASH DISBURSEMENTS - continued

	July 1996	July 97	98 Budget	98 Actual	Aug. 1996	Aug. 1997	98 Budget	98 Actual	Sept. 1996	Sept. 1997	98 Budget	98 Actual
WAGE/BENEFIT EXPENSES												
Wages	2,686.40	1,762.65	3,657.51		2,186.76	2,488.77	2,431.28		2,171.02	2,895.43	2,634.55	
FICA Expense	205.52	134.85	281.63		167.30	190.40	187.21		166.09	221.51	202.86	
FUTA Expense	11.02	8.30	29.26		7.71	10.87	19.45		8.17	12.64	21.08	
SUTA Expense	8.07	6.17	14.63		6.56	8.70	9.73		6.51	10.13	10.54	
Workers Comp Expenses			384.17									
Total Wage/Benefit Expenses	2,911.01	1,911.97	4,367.20	0.00	2,368.33	2,698.74	2,647.67	0.00	2,351.79	3,139.71	2,869.03	0.00
COST OF GOODS SOLD												
Cost of Sales/Chili	2,187.78	1,731.79	3,621.92		1,878.72	1,678.86	1,778.79		2,531.16	3,097.46	3,595.74	
Cost of Sales/Other	989.20	433.35	1,526.67		475.74	752.82	614.28		406.62	519.05	600.00	
Total Cost of Sales	3,176.98	2,165.14	5,148.59	0.00	2,354.46	2,431.68	2,393.07	0.00	2,937.78	3,616.51	4,195.74	0.00
SELLING EXPENSES												
Consultants	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Packaging Expenses, Misc	18.75	7.88	312.78		28.28	760.50	394.39		45.00	5.00	25.00	
Commissions	28.06	9.17	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Slotting Fees			0.00				0.00				0.00	
License Fees	0.00	0.00	0.00		0.00	0.00	0.00		50.00	0.00	0.00	
Payroll Tax Expenses	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Advertising	499.05	420.27	1,088.00		326.79	812.89	600.00		3,646.59	202.71	4,370.00	
Royalties	0.00	80.53	0.00		0.00	0.00	0.00		256.06	0.00	256.06	
Demo Supplies	135.84	211.65	273.75		108.65	83.51	96.08		183.40	185.90	184.65	
Demo Expense	0.00	0.00	0.00		0.00	0.00	0.00		306.75	0.00	153.38	
Freight Expense	465.64	228.07	346.86		233.17	828.16	830.00		600.42	891.73	746.08	
Travel	27.70	0.00	315.00		157.25	0.00	78.63		669.22	459.73	564.48	
Spoilage	96.16	0.00	0.00		0.00	0.00	0.00		0.00	511.87	255.94	
Total Selling Expenses	1,271.20	957.57	2,336.39	0.00	854.14	2,485.06	1,999.10	0.00	5,757.44	2,256.94	6,555.59	0.00
TOTAL DISBURSEMENTS	8,447.86	6,198.99	12,619.54	0.00	7,727.33	9,631.81	9,448.08	0.00	11,771.36	9,907.26	47,310.95	0.00
TOTAL CASH REVENUE												
TOTAL CASH REVENUE	10,920.44	8,825.72	17,968.00		8,215.28	10,162.77	11,169.50		13,679.31	17,633.92	21,913.00	
NET CASH FLOW	2,472.58	2,626.73	5,348.46	0.00	487.95	530.96	1,721.42	0.00	1,907.95	7,726.66	(25,397.95)	0.00
Adjusted A/R AND A/P	(3,886.53)	(298.84)	(376.06)		3,115.70	1,543.13	(376.06)		(4,401.11)	(11,761.18)	(376.06)	
Accrual to Cash Method												
New Debt												
New Owner Investment											6,000.00	
New Debt Interest Payment												
New Debt Principal Payments												
New Owner Withdrawal												
BEGINNING CASH BALANCE	20,903.44	49,106.33	49,487.23		19,489.49	51,434.22	54,459.63		23,093.14	53,508.31	55,804.99	
ENDING CASH BALANCE	19,489.49	51,434.22	54,459.63	0.00	23,093.14	53,508.31	55,804.99	0.00	20,599.98	49,473.79	36,030.98	0.00

CASH DISBURSEMENTS - continued

	Oct. 1996	Oct. 1997	98 Budget	98 Actual	Nov. 1996	Nov. 1997	98 Budget	98 Actual	Dec. 1996	Dec. 1997	98 Budget	98 Actual
OCCUPANCY												
Building Contractor			45,000.00									
Telephone	238.84	223.07	230.96		358.88	383.42	371.15		692.19	647.24	736.69	
Utilities	265.28	278.25	371.77		69.05	37.20	153.13		150.18	228.64	289.41	
Property Tax			0.00				0.00		361.84	408.62	964.23	
Property Maintenance		30.00	36.00				36.00			54.08	36.00	
Total Occupancy Expenses	504.12	531.32	45,638.73		427.93	420.62	560.28		1,204.21	1,338.58	2,026.33	
ADMINISTRATIVE EXPENSES												
Sales Tax	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Amortization	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Equipment Repair and Costs	37.35	0.00	18.68		232.50	0.00	116.25		36.75	74.18	55.46	
Legal & Accounting	57.00	0.00	28.50		0.00	0.00	0.00		0.00	0.00	0.00	
Bad Debt Expense	0.00	0.00	0.00		0.00	0.00	0.00		0.00	191.99	300.00	
Interest Expense	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Penalties	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Credit Card Discounts	56.65	0.00	28.33		74.48	81.40	85.73		193.08	265.74	252.35	
Bank Service Charges	0.00	10.00	5.00		0.00	0.00	0.00		0.00	0.00	0.00	
Insurance	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Office Supplies	107.61	7.99	57.80		80.35	457.05	268.70		999.94	345.50	0.00	
Office Expense	0.00	5.86	3.00		140.00	3.61	371.81		10.31	448.83	229.57	
Dues & Subscriptions	0.00	0.00	0.00		0.00	250.00	250.00		25.00	0.00	25.00	
Miscellaneous Expenses	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Board of Director Expenses	0.00	0.00	300.00		841.72	0.00	150.00		0.00	872.40	300.00	
Cash Over/Short	0.00	0.00	0.00		0.00	(0.04)	0.00		(0.16)	0.00	0.00	
Seminar and Education	30.00	0.00	0.00		0.00	0.00	0.00		0.00	65.00	0.00	
Donations/Contributions	0.00	0.00	0.00		0.00	0.00	50.00		50.00	0.00	0.00	
Corporate Taxes/Dues	225.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Chili Cook-Off Expenses	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Total Administrative Expenses	513.61	23.85	441.31	0.00	1,369.05	792.02	1,292.49	0.00	1,314.92	2,263.64	1,162.38	0.00

CASH DISBURSEMENTS - continued

	Oct. 1996	Oct. 1997	98 Budget	98 Actual	Nov. 1996	Nov. 1997	98 Budget	98 Actual	Dec. 1996	Dec. 1997	98 Budget	98 Actual
WAGE/BENEFIT EXPENSES												
Wages	3,097.08	3,313.82	3,333.67		3,855.27	4,359.73	4,271.80		3,362.08	4,172.94	3,918.21	
FICA Expense	236.93	253.53	256.69		294.95	333.55	328.93		257.20	319.25	301.70	
FUTA Expense	14.27	15.43	26.67		20.43	24.46	34.17		14.70	18.36	31.35	
SUTA Expense	8.27	11.60	13.33		7.65	12.92	17.09		5.53	8.02	15.67	
Workers Comp Expenses		91.59	500.72								0.00	
Total Wage/Benefit Expenses	3,356.55	3,685.97	4,131.08	0.00	4,178.30	4,730.66	4,651.99	0.00	3,639.51	4,518.57	4,266.93	0.0
COST OF GOODS SOLD												
Cost of Sales/Chili	2,405.60	1,793.65	2,309.59		3,797.78	4,484.01	4,554.98		3,976.56	3,267.28	3,984.11	
Cost of Sales/Other	535.72	504.40	572.06		957.06	1,523.74	1,364.44		1,516.80	1,536.54	1,679.34	
Total Cost of Sales	2,941.32	2,298.05	2,881.65	0.00	4,754.84	6,007.75	5,919.42	0.00	5,493.36	4,803.82	5,663.45	0.0
SELLING EXPENSES												
Consultants	0.00	0.00	0.00		0.00	0.00	0.00		300.00	0.00	0.00	
Packaging Expenses, Misc	87.07	102.94	95.01		278.83	9.62	144.23		81.45	544.12	312.79	
Commissions	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Slotting Fees			0.00				0.00				0.00	
License Fees	105.00	5.00	0.00		0.00	0.00	0.00		(100.00)	16.00	0.00	
Payroll Tax Expenses	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00	
Advertising	471.24	486.70	3,995.00		3,496.61	3,414.18	3,305.00		3,396.01	1,991.06	840.00	
Royalties	0.00	346.66	381.33		0.00	0.00	0.00		484.20	0.00	532.62	
Demo Supplies	54.56	23.17	38.87		37.70	127.92	82.80		1,546.75	1,761.95	1,654.35	
Demo Expense	0.00	0.00	0.00		90.55	147.00	118.78		232.00	325.50	278.75	
Freight Expense	1,303.52	1,508.74	1,406.13		1,191.78	1,063.46	1,240.38		1,252.13	1,407.64	1,462.87	
Travel	0.00	0.00	0.00		1,714.08	170.42	942.25		0.00	2,034.30	1,017.15	
Spoilage	0.00	0.00	0.00		3.71	0.00	0.00		0.00	0.00	0.00	
Total Selling Expenses	2,021.39	2,473.21	5,916.34	0.00	6,813.26	4,932.60	5,833.44	0.00	7,192.54	8,080.57	6,098.53	0.0
TOTAL DISBURSEMENTS	9,336.99	9,012.40	59,009.11	0.00	17,543.38	16,883.65	18,257.62	0.00	18,844.54	21,005.18	19,217.62	0.0
TOTAL CASH REVENUE	13,540.80	10,873.73	12,019.50		23,099.18	27,929.57	30,684.50		22,537.54	18,410.99	23,188.50	
NET CASH FLOW	4,203.81	1,861.33	(46,989.61)	0.00	5,555.80	11,045.92	12,426.88	0.00	3,693.00	(2,594.19)	3,970.88	0.0
Adjusted A/R AND A/P	(541.59)	5,087.52	(376.06)		(358.82)	(1,293.01)	(376.06)		502.50	(2,986.51)	(376.06)	
Accrual to Cash Method												
New Debt			40,000.00									
New Owner Investment												
New Debt Interest Payment							(283.33)				(280.30)	
New Debt Principal Payment							(427.81)				(430.84)	
New Owner Withdrawal												
BEGINNING CASH BALANCE	20,599.98	49,473.79	36,030.98		24,262.20	56,422.64	28,665.31		29,459.18	66,175.55	40,004.99	
ENDING CASH BALANCE	24,262.20	56,422.64	28,665.31	0.00	29,459.18	66,175.55	40,004.99	0.00	33,654.68	60,594.85	42,888.67	0.0

CASH DISBURSEMENTS - continued

	TOTALS 1996	TOTALS 1997	Budget/Tot/98	TOTALS 98
OCCUPANCY				
Building Contractor			85,030.00	
Telephone	4,862.79	4,834.96	4,506.48	
Utilities	1,217.29	1,878.99	1,840.75	
Property Tax	361.84	408.62	964.23	
Property Maintenance	540.28	318.03	288.00	
Total Occupancy Expenses	6,982.20	7,440.60	92,629.46	
ADMINISTRATIVE EXPENSES				
Sales Tax	(1.06)	199.85	31.07	
Amortization	0.00	267.00	0.00	
Depreciation	0.00	2,157.00	0.00	
Equipment Repair and Costs	481.69	467.44	433.36	
Legal & Accounting	787.00	784.50	1,086.50	
Bad Debt Expense	385.81	448.69	389.30	
Interest Expense	0.00	0.00	0.00	
Penalties	0.00	0.00	250.00	
Credit Card Discounts	1,020.59	807.62	1,053.82	
Bank Service Charges	22.64	99.00	59.00	
Insurance	1,821.00	1,373.00	1,502.00	
Office Supplies	2,009.80	1,706.81	1,612.68	
Office Expense	485.94	493.55	774.75	
Dues & Subscriptions	350.00	475.00	600.00	
Miscellaneous Expenses	6.83	81.55	75.00	
Board of Director Expenses	1,750.15	2,207.40	2,419.50	
Cash Over/Short	(0.08)	(0.79)	(0.50)	
Seminar and Education	175.00	174.00	1,022.00	
Donations/Contributions	197.00	70.00	95.00	
Corporate Taxes/Dues	464.30	100.00	225.00	
Chili Cook-Off Expenses	633.36	615.29	650.00	
	0.00	0.00	0.00	
Total Administrative Expenses	10,589.97	12,526.91	12,278.48	

CASH DISBURSEMENTS – continued

	TOTALS 1996	TOTALS 1997	Budget/Tot/98	TOTALS 98
WAGE/BENEFIT EXPENSES				
Wages	31,149.80	32,290.05	34,645.78	
FICA Expense	2,383.07	2,739.50	2,662.49	
FUTA Expense	183.13	196.56	277.19	
SUTA Expense	83.97	97.42	153.30	
Workers Comp Expenses	121.22	506.98	884.89	
Total Wage/Benefit Expenses	33,921.19	35,830.51	38,623.65	
COST OF GOODS SOLD				
Cost of Sales/Chili	28,074.32	26,485.94	30,411.82	
Cost of Sales/Other	7,834.07	8,149.85	8,751.71	
Total Cost of Sales	35,908.39	34,635.79	39,163.53	
SELLING EXPENSES				
Consultants	300.00	0.00	540.00	
Packaging Expenses, Misc	1,651.82	1,637.00	1,658.86	
Commissions	39.69	22.76	11.16	
Slotting Fees	0.00	0.00	400.00	
License Fees	115.00	91.00	86.00	
Payroll Tax Expenses	0.00	0.00	0.00	
Advertising	14,859.85	11,639.60	17,272.44	
Royalties	1,322.51	1,004.25	2,236.07	
Demo Supplies	2,647.20	2,575.21	2,768.31	
Demo Expense	1,978.32	1,113.11	1,289.91	
Freight Expense	8,270.83	8,103.00	9,497.52	
Travel	3,899.63	3,515.08	5,226.72	
Spoilage	99.87	523.60	461.54	
	0.00	0.00	0.00	
Total Selling Expenses	35,184.72	30,224.61	41,448.53	
	0.00	0.00	0.00	
TOTAL DISBURSEMENTS	122,586.47	120,658.42	224,143.65	
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TOTAL CASH REVENUE	145,978.24	140,866.87	171,149.52	
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NET CASH FLOW	23,391.77	20,208.45	(52,994.13)	
Adjusted A/R AND A/P	(5,056.43)	6,731.72	(9,289.77)	
Accrual to Cash Method	0.00	0.00	0.00	
New Debt	0.00	0.00	40,000.00	
New Owner Investment	0.00	0.00	6,000.00	
New Debt Interest Payment	0.00	0.00	(563.63)	
New Debt Principal Payment	0.00	0.00	(858.65)	
New Owner Withdrawal	0.00	0.00	0.00	
	0.00	0.00	0.00	

1996 CASH FLOWS

	1/1/96	2/1/96	3/1/96	4/1/96	5/1/96	6/1/96	7/1/96	8/1/96	9/1/96	10/1/96	11/1/96	12/1/96	Totals
BEGINNING CASH	15,319.34	22,832.06	19,284.06	21,418.81	15,684.37	16,881.99	20,903.44	19,489.49	23,093.14	20,599.98	24,262.20	29,459.18	15,319.34
Chili Sales	18,072.39	4,697.23	7,465.37	4,188.65	6,483.44	6,597.08	9,257.20	6,358.44	12,754.13	12,302.42	20,831.12	19,223.97	128,231.44
Sales Other	511.89	684.70	216.00	860.58	755.96	1,271.32	1,452.53	1,187.53	595.05	809.99	1,469.98	2,307.56	12,123.09
Other Income	533.57	325.30	351.55	356.09	451.14	163.43	210.71	669.31	330.13	428.39	798.08	1,006.01	5,623.71
TOTAL REVENUE	19,117.85	5,707.23	8,032.92	5,405.32	7,690.54	8,031.83	10,920.44	8,215.28	13,679.31	13,540.80	23,099.18	22,537.54	145,978.24
Occupancy Expense	358.14	739.38	753.11	376.04	566.84	446.19	691.65	370.77	543.82	504.12	427.93	1,204.21	6,982.20
Administration	399.16	1,631.96	760.33	552.45	1,127.83	563.48	397.02	1,779.63	180.53	513.61	1,369.05	1,314.92	10,589.97
Wages/Benefits	3,521.86	2,415.76	2,727.11	2,514.62	2,129.82	1,806.53	2,911.01	2,368.33	2,351.79	3,356.55	4,178.30	3,639.51	33,921.19
Cost of Goods Sold	4,173.43	1,517.03	1,720.86	1,782.04	2,261.03	2,795.26	3,176.98	2,354.46	2,937.78	2,941.32	4,754.84	5,493.36	35,908.39
Selling Expense	1,535.76	3,392.39	3,556.99	693.52	716.85	1,379.24	1,271.20	854.14	5,757.44	2,021.39	6,813.26	7,192.54	35,184.72
TOTAL DISBURSEMENTS	9,988.35	9,696.52	9,518.40	5,918.67	6,802.37	6,990.70	8,447.86	7,727.33	11,771.36	9,336.99	17,543.38	18,844.54	122,586.47
NET CASH FLOW	9,129.50	(3,989.29)	(1,485.48)	(513.35)	888.17	1,041.13	2,472.58	487.95	1,907.95	4,203.81	5,555.80	3,693.00	23,391.77
Adj./Accrual to Cash	(1,616.78)	441.29	3,620.23	(5,221.09)	309.45	2,980.32	(3,886.53)	3,115.70	(4,401.11)	(541.59)	(358.82)	502.50	(5,056.43)
New Debt													
New Owner Investment													
New Debt Interest Payment													
New Debt Principle Payment													
New Owner Withdrawal													
ENDING CASH BALANCE	22,832.06	19,284.06	21,418.81	15,684.37	16,881.99	20,903.44	19,489.49	23,093.14	20,599.98	24,262.20	29,459.18	33,654.68	33,654.68

NOTE: This Cash Flow Projection sheet summarizes income and expenses by major categories. See the Cash Disbursements and Cash Receipts Worksheets on prior pages for details.

1997 CASH FLOWS

	1/1/97	12/1/97	3/1/97	4/1/97	5/1/97	6/1/97	7/1/97	8/1/97	9/1/97	10/1/97	11/1/97	12/1/97	Totals
BEGINNING CASH	33,654.68	66,175.55	40,827.81	42,373.77	46,375.40	46,967.60	49,106.33	51,434.22	53,508.31	49,473.79	56,422.64	66,175.55	33,654.68
Chili Sales	10,306.88	15,187.58	8,624.73	3,220.21	3,853.48	7,158.60	7,151.68	8,889.32	16,569.14	9,799.89	24,445.88	15,187.58	124,035.94
Sales Other	283.78	2,243.19	341.66	204.02	840.82	1,058.60	917.31	1,139.58	762.02	741.17	2,318.02	2,243.19	11,298.85
Other Income	420.64	980.22	196.91	169.30	383.67	195.76	756.73	133.87	302.76	332.67	1,165.67	980.22	5,532.08
TOTAL REVENUE	11,011.30	18,410.99	9,163.30	3,593.53	5,077.97	8,412.96	8,825.72	10,162.77	17,633.92	10,873.73	27,929.57	18,410.99	140,866.87
Occupancy Expense	674.88	1,338.58	737.42	631.50	553.71	470.70	521.34	373.99	565.67	531.32	420.62	1,338.58	7,440.60
Administration	605.52	2,263.64	1,228.88	3,123.10	446.13	339.45	642.97	1,642.34	328.43	23.85	792.02	2,263.64	12,526.91
Wages/Benefits	2,768.95	4,518.57	2,220.81	3,179.87	1,800.49	2,302.29	1,911.97	2,698.74	3,139.71	3,685.97	4,730.66	4,518.57	35,830.51
Cost of Goods Sold	4,573.72	4,803.82	2,147.78	827.85	1,371.97	2,267.76	2,165.14	2,431.68	3,616.51	2,298.05	6,007.75	4,803.82	34,635.71
Selling Expense	1,006.10	8,080.57	2,330.60	1,803.15	573.08	1,193.02	957.57	2,485.06	2,256.94	2,473.21	4,932.60	8,080.57	30,224.69
TOTAL DISBURSEMENTS	9,629.17	21,005.18	8,665.49	9,565.47	4,745.38	6,573.22	6,198.99	9,631.81	9,907.26	9,012.40	16,883.65	21,005.18	120,658.42
NET CASH FLOW	1,382.13	(2,594.19)	497.81	(5,971.94)	332.59	1,839.74	2,626.73	530.96	7,726.66	1,861.33	11,045.92	(2,594.19)	20,208.45
Adj./Accrual to Cash	8,496.42	(2,986.51)	1,048.15	9,973.57	259.61	298.99	(298.84)	1,543.13	(11,761.18)	5,087.52	(1,293.01)	(2,986.51)	6,731.72
New Debt													

New Owner Investment
New Debt Interest Payment
New Debt Principle Payment
New Owner Withdrawal

ENDING CASH BALANCE	43,533.23	40,827.81	42,373.77	46,375.40	46,967.60	49,106.33	51,434.22	53,508.31	49,473.79	56,422.64	66,175.55	60,594.85	60,594.85
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NOTE: This Cash Flow Projection sheet summarizes income and expenses by major categories.
See the Cash Disbursements and Cash Receipts Worksheets on prior pages for details.

1998 CASH FLOWS

	1/1/98	2/1/98	3/1/98	4/1/98	5/1/98	6/1/98	7/1/98	8/1/98	9/1/98	10/1/98	11/1/98	12/1/98	TOTALS
BEGINNING CASH	60,594.85	53,333.98	54,998.00	55,127.82	59,127.52	55,518.22	49,487.23	54,459.63	55,804.99	36,030.98	28,665.31	40,004.99	60,594.85
Chili Sales	10,192.08	9,904.38	13,953.61	3,669.46	4,136.00	6,836.00	12,186.00	9,736.00	19,678.00	10,661.00	26,616.00	18,914.00	146,482.53
Sales Other	248.80	317.67	338.25	420.13	771.50	1,516.00	1,907.00	1,273.50	920.00	906.50	2,648.50	2,729.50	13,997.35
Other Income	736.30	265.40	364.44	159.50	182.00	195.00	3,875.00	160.00	1,315.00	452.00	1,420.00	1,545.00	10,669.64
TOTAL REVENUE	11,177.18	10,487.45	14,656.30	4,249.09	5,089.50	8,547.00	17,968.00	11,169.50	21,913.00	12,019.50	30,684.50	23,188.50	171,149.52
Occupancy Expense	321.76	475.44	785.86	332.18	1,011.13	7,494.45	455.18	400.89	33,127.23	45,638.73	560.28	2,026.33	92,629.46
Administration	1,597.51	612.74	1,300.83	665.09	1,012.15	1,311.09	312.18	2,007.35	563.36	441.31	1,292.49	1,162.38	12,278.48
Wages/Benefits	3,535.85	2,403.41	3,216.45	2,346.08	2,046.58	2,141.38	4,367.20	2,647.67	2,869.03	4,131.08	4,651.99	4,266.93	38,623.65
Cost of Goods Sold	2,155.91	2,063.27	3,239.28	1,155.14	1,816.50	2,531.51	5,148.59	2,393.07	4,195.74	2,881.65	5,919.42	5,663.45	39,163.53
Selling Expense	3,696.27	1,987.74	2,566.68	1,298.57	2,436.38	723.50	2,336.39	1,999.10	6,555.59	5,916.34	5,833.44	6,098.53	41,448.53
TOTAL DISBURSEMENTS	11,307.30	7,542.60	11,109.10	5,797.06	8,322.74	14,201.93	12,619.54	9,448.08	47,310.95	59,009.11	18,257.62	19,217.62	224,143.65
NET CASH FLOW	(130.12)	2,944.85	3,547.20	(1,547.97)	(3,233.24)	(5,654.93)	5,348.46	1,721.42	(25,397.95)	(46,989.61)	12,426.88	3,970.88	(52,994.13)
Adj./Accrual to Cash	(7,130.75)	(1,280.83)	(3,417.38)	5,547.67	(376.06)	(376.06)	(376.06)	(376.06)	(376.06)	(376.06)	(376.06)	(376.06)	(9,289.77)
New Debt													
New Owner Investment									6,000.00	40,000.00			40,000.00
New Debt Interest Payment											(283.33)	(280.30)	(563.63)
New Debt Principle Payment											(427.81)	(430.84)	(858.65)
New Owner Withdrawal													
ENDING CASH BALANCE	53,333.98	54,998.00	55,127.82	59,127.52	55,518.22	49,487.23	54,459.63	55,804.99	36,030.98	28,665.31	40,004.99	42,888.67	42,888.67

NOTE: This Cash Flow Projection sheet summarizes income and expenses by major categories. See the Cash Disbursements and Cash Receipts Worksheets on prior pages for details.

INCOME STATEMENT PROJECTIONS - 1999

Beginning Cash Balance 1-1-99	\$42,888.67	
REVENUE:		
Chili Sales:	\$161,130.79	(10% increase)
Other Sales:	\$15,397.09	(10% increase)
Other Income:	<u>\$11,736.61</u>	(10% increase)
Total Revenue:	\$188,264.49	(10% increase)
EXPENSES:		
Occupancy:	\$9,499.33	
	(25% increase from 1998 less building \$85,030.00)	
Administration:	\$12,892.40	(5% increase)
Wages/Benefits:	\$42,486.02	(10% increase)
Cost of Sales:	\$43,079.88	(10% increase)
Selling Expense:	<u>\$45,593.38</u>	(10% increase)
Total Expenses:	\$153,551.01	
NET INCOME:	<u>\$34,713.48</u>	
DEBT PAYMENTS (Building: 12 x \$711.14)	<u>-\$8,533.68</u>	
PURCHASED ASSET (show trailer)	<u>-\$3,000.00</u>	
ENDING CASH BALANCE	<u>\$66,068.47</u>	

INCOME STATEMENT PROJECTIONS - 2000

Beginning Cash Balance 1-1-99	\$66,068.47	
TOTAL REVENUE:	\$207,090.94	(10% increase)
EXPENSES:		
Occupancy:	\$9,974.29	(5% increase)
Administration:	\$13,537.17	(5% increase)
Wages/Benefits:	\$46,734.62	(10% increase)
Cost of Sales:	\$47,387.87	(10% increase)
Selling Expense:	<u>\$50,152.72</u>	(10% increase)
Total Expenses:	\$167,786.67	
NET INCOME:	<u>\$39,304.27</u>	
DEBT PAYMENTS		
(Building: 12 x \$711.14 plus \$10,000)	- <u>\$18,533.68</u>	
ENDING CASH BALANCE	<u>\$86,839.06</u>	

BALANCE SHEET as of 12-31-98 (projected)

ASSETS

Current Assets:

Cash on Hand	\$200.00
Cash in Bank	\$32,688.67
Certificate of Deposit	<u>\$10,000.00</u>
Cash Total:	\$42,888.67
Accounts Receivable	<u>\$20,297.09</u>

Total Current Assets: \$63,185.76

Inventory:

Materials	\$14,991.56
Finished Goods	\$3,800.00
Retail Merchandise	<u>\$9,600.00</u>

Total Inventory Assets: \$28,391.56

Plant Assets:

Furniture & Fixtures	\$16,779.61
Buildings	\$95,476.37
Land	<u>\$6,730.50</u>
Subtotal	\$118,986.48
Accumulated Depreciation	<u>-\$16,385.00</u>

Total Plant Assets: \$102,601.48

Intangible Assets:

Organizational Costs	\$1,470.79
Trademark Search	\$4,302.97
Trademark Recipe	<u>\$9,510.00</u>
Subtotal:	\$15,283.76
Accumulated Amortization	<u>-\$4,482.00</u>

Total Intangible Assets: \$10,801.76

TOTAL ASSETS: **\$204,980.56**

LIABILITIES

Intermediate Liabilities:

Notes Payable – Building	<u>\$39,141.35</u>
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Total Intermediate Liabilities: \$39,141.35

Accounts Payable: \$ 750.00

Stock:

Common Stock	\$11,000.00
Additional Paid In Cap.	\$8,450.00
Treasury Stock	<u>-\$6,900.00</u>

Total Stock: \$12,550.00

Retained Earnings: \$128,603.34

Distribution of Earnings: -\$8,100.00 \$120,503.34

Current Earnings: \$32,035.87

LIABILITIES AND EQUITY **\$204,980.56**

NOTE: Only part of the detailed Appendix information is included in this Sample Plan due to the proprietary nature of some of the materials.

APPENDIX A

Articles about Downstream Chili

Among the articles on the next few pages you will find the following:

- **Second Best Over All Product, *Fiery Food Show in Albuquerque, NM, 1993***
- **Downstream Chili—The Spice of Life, Fence Post**
- **Plugging Downstream Chili, by Rudy Peruit, Tekanusa REA News**
 - **Chili Spices Up a Small Town Economy, *Furrow***
 - **Chef Al Presents Downstream Chili, *Casper Star Tribune***
- **Chili Heats Up Downstream Economy, Rocky Mountain News**
- **Five Tekanusa Farm and Ranch Families Start Downstream Chili, Successful Farming**
- **Keeping the Name “Downstream” at Home, Fence Post**

APPENDIX B

Fiery Foods Industry

The following food categories comprise the fiery foods industry:

- Barbecue Sauce:
 - smoked
 - vinegar base
 - sweet base
 - chili specific
 - exotic
 - mustard base
 - fruit base
 - soy base
- Bloody Mary Mix
- Candy
- Chili Con Carne
 - green
 - red
 - white
- Chips
- Condiment
- Dip/Dressing
- Fat Free
- Finishing Sauce
- Hot Sauce:
 - Habanero
 - XXX Hot
 - Fruit
 - International
- Jam/Jelly
- Jerk Seasoning
- Meat Sauce
- Mustard
- Marinade
- Oil
- Salsa:
 - Hot
 - Medium/Mild
 - Fresh
 - Fruit
 - Chipotle
- Snack:
 - pickles
 - nuts
 - chips, bagel chips
 - pretzels
- Salsa mix
- Seasoning/Rub
- Vinegar

Trade Associations

International Fiery Food Association
Box 4980
Albuquerque, NM 87196
505-298-3835
Email: chili@fiery-foods.com
American Spice Association
560 Sylvan Ave.
Englewood Cliffs, NJ 07632
201-568-2163
Contact: Peter Furth
National Association for the Specialty Food Trade (NASFT)
8 W. 40th St., 4th Floor
New York, New York 10018-3901
800-255-2502
Contact: John Roberts

Trade Shows

The Annual Fiery Food Challenge
c/o ***Chile Pepper Magazine***
5106 Grand Ave. N.E.
Albuquerque, NM 87108
505-266-8322
The International Chili Pepper Expo
1227 W. Magnolia Ave.
Fort Worth, TX 76104
817-921-9300
Texas Fiery Food Show
Dos Habaneros Shows and Sunbelt Shows
Sponsored by ***Texas Monthly Magazine***
210-379-2181
Contact: Debbie Jones
NASFT Fancy Food Show
National Association for the Specialty Food Trade
8 W. 40th St., 4th Floor
New York, New York 10018-3901
800-255-2502

Industry Publications, Magazines and Periodicals

Hot Times: The Hot and Spicy Industry Journal

1227 W. Magnolia Ave.
Fort Worth, TX 76104
888-774-2968

It deals with trends in successful small businesses

Fiery Foods: The Official Publication of the Fiery Food Industry

Sunbelt Show Inc.
PO Box 4980
Albuquerque, NM 87196
505-298-3835

Email: chile@fiery-foods.com

It has great small business information, trends and surveys on hot food trends and demographics.

Chile Pepper: Spicy World Cuisine

PO Box 769
Mt. Morris, IL 61054-0769
800-959-5468

NASFT Showcase

120 Wall St.
New York, NY 10005
212-482-6440

Others publications included:

- *Gourmet News: The Business Newspaper for the Gourmet Industry*
- *Food and Beverage Marketing*
- *Food Processing: The Magazine of Strategy, Technology and Trends*
- *Snack Professional: Processing, Packaging, Marketing*
- *Food Engineering: Since 1928 the Magazine for the Manufacturing Team*
- *Food Formulating: The Magazine for the Product Development Team*

APPENDIX C

Chili Competitors

Ready-To-Eat Canned Chili:

- Dennison
- Food Club
- Health Valley (with or without meat)
- Hormel (turkey or beef)
- Jimmy Dean
- Staggs (with meat or vegetarian)
- Stokes

Chili Mix/Seasoning:

- 2-Alarm
- Carroll Shelby's
- French's
- Lawry's
- Senor Gordons
- Shillings
- Williams

Chili Powder:

- Gebhardt
- Shillings
- Spice Garden
- Spice Island
- The Spice Hunter

Gourmet Ready-To-Eat Canned Chili:

- Big Bruces Gunpowder Chili

Gourmet Chili Seasonings:

- Pecos Valley Spice Company's Chili Lover Kit

APPENDIX D

Consumer Franchise Analysis for Downstream Chili

**Prepared by:
Marketing 4520 Research Group
University of Tekanusa**

APPENDIX E

Legal Information

**Copies of Legal Documents Regard the Sale of 4 Shares of Downstream Chili
Corporation by original owners**

APPENDIX F

Incorporation Papers

**Certificate of Incorporation
Articles of Incorporation
Downstream Chili Corporation**

APPENDIX G

**The Organizational Meeting
of Downstream Chili Corporation
A Tekanusa Corporation of
Downstream, Tekanusa**

APPENDIX H

**Bylaws
Of
Downstream Chili Corporation**

APPENDIX I

Brief Resume Summary Of Each Board Member

APPENDIX J

Insurance Coverage

APPENDIX K

Trademark Information

APPENDIX L

Legal Agreements

Downstream Chili Recipe Purchase Agreement
Agreement Concerning Use of Downstream Chili Recipe
Non-disclosure Agreements
Sales Representative Contract
Video Film Release
Contractual Agreement with the Downstream Chili Cookoff
Job Application Form

APPENDIX M

Marketing Tools

Holiday Gift Catalogs

Downstream Chili Brochures

Wholesale Price Lists

Business Cards

Gift Enclosures

Magnet

Recipe Cards

Postcards

Printed Bag

APPENDIX N

Customer Profile

In general this profile represents those customers who have purchased Downstream Chili more than one time—our loyal customer base. From the information we gathered we can make the following assumptions about our customers:

- Most are married.
- They are or have raised a family.
- More women than men purchase Downstream Chili.
- Most are between the ages of 40 and 60.
- They purchase Downstream Chili mostly for home use but also purchase it for gifts.
- They prefer to buy in quantity to save money.
- They are middle class Americans. Their income range is between \$40,000 and \$100,000/year.
- Most purchase chili only once a year.
- They have no preferred buying time.
- They prefer to shop in person.
- They shop anytime.
- Most have been to college.
- They live in rural areas, neighborhoods, small towns and cities all across American.

And, best of all, they don't mind calling Downstream Chili to purchase the best chili on the market!

Appendix O

Sales Comparisons

Appendix P

Purchase of Land Warranty Deeds (Copies)

Appendix Q

1998 Advertising Budget

Appendix R

Financial Worksheets

Please note: For proprietary reasons, the individual owners' personal financial statements and current income tax statements are not included in this copy of the business plan. Personal financial information will only be available at the written request of a financial institution.

Appendix S

Photographs